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ABSTRACT

This is a congressional oversight hearing on the vocational rehabilitation program in Pennsylvania. It looks at the present program in light of the Federal statutory requirements and legislative intent. Testimony includes statements, prepared statements, letters, supplemental materials, etc., from a state senator, a Representative in Congress, and individuals representing the Pennsylvania Social Services Union, Pittsburgh; Office of Vocational Rehabilitation, Harrisburg; Harmarville Rehabilitation Center, Inc., Pittsburgh; Pennsylvania Office of Vocational Rehabilitation; Pennsylvania Board of Vocational Rehabilitation; Independent Living Center, Harmarville; Open Doors for the Handicapped of Allegheny County; Pennsylvania Coalition of Citizens with Disabilities; Rehabilitation Services Administration, United States Department of Education; Pennsylvania Association of Rehabilitation Facilities, Inc.; Open Doors for the Handicapped of Westmoreland County; and Open Doors for the Handicapped, Washington County Chapter. (YLB)

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VOCATIONAL REHABILITATION

HEARING

BEFORE THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

FIRST SESSION

HEARING HELD IN HARRISBURG, PA., ON JULY 25, 1983

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VOCATIONAL REHABILITATION

MONDAY, JULY 25, 1983

House of Representatives,
Subcommittee on Select Education,
Committee on Education and Labor,
Harrisburg, Pa.

The subcommittee met, pursuant to call, at 10 a.m., in the State house majority caucus room, 140, Main Capitol Building, Harrisburg, Pa., Hon. Austin J. Murphy (chairman of the subcommittee) presiding.

Members present: Representatives Murphy and Goodling.

Also present: Representative Gekas.

Staff present: Judith L. Wagner, staff consultant; Roseann Tulley, administrative assistant; Thomas Conrad, staff assistant; Cheryl Genevie, professional staff; and Mary Jane Fiske, minority professional staff.

Mr. **Murphy**. Good morning.

We would like to start on time because of the number of witnesses and the lack of time that we have for use of the facilities.

I would like to begin the hearing by thanking the Speaker of the Pennsylvania State House and my former colleague, Mr. Leroy Irvis, and his excellent staff for their cooperation and hospitality. They have made it possible for our subcommittee to be here today for an oversight hearing on the vocational rehabilitation program in Pennsylvania.

I would also like to welcome the interest of members of the Pennsylvania Legislature and have invited their attendance. We will be joined by the chairman of the House Labor Relations Committee who, hopefully, will be sitting with us this morning.

The vocational rehabilitation program is a genuine partnership between the States and the Federal Government—one of the oldest and most successful partnerships, I might add. We are not here today to intrude into the matters which fall within the broad discretion of State policy and decisionmaking. We have been asked to look at the present program in Pennsylvania in light of the Federal statutory requirements and legislative intent—and that is what we shall attempt to do.

I regret that, because of time constraints, we may not be able to cover all of the issues that witnesses and others in attendance may wish to hear discussed. But we will be keeping the hearing record open for several weeks to allow additional testimony to be submitted, and we will be submitting in writing the questions to the State agency that we are not able to get to today.

In addition to the partnership with the States, we are fortunate to have had a bipartisan partnership in Congress in support of the program. This has been true throughout the long history of the act, and I am pleased to say that type of cooperation remains today.

I would like to point out that we are in the process in Congress of reauthorizing the Rehabilitation Act. Part of my haste in getting back to Washington this afternoon is that our subcommittee bill may come to the floor as early as tomorrow morning.

One of our primary objectives in this bill is to restore the purchasing power that the program has lost in the last several years as a result of inflation and sharp reductions in SSI and SSDI funds for rehabilitation. An additional objective is to initiate funding for comprehensive services for independent living for the most severely handicapped. If we succeed with these objectives, every State may more confidently plan to provide better and more comprehensive services for its handicapped citizens.

I am sure that my Republican colleagues will agree that, whatever disagreements we may have had, we are united in wanting to strengthen and extend this very successful program. And we are here today because we want to be of all possible help to the Commonwealth of Pennsylvania in providing the best possible program of rehabilitation. I look forward to your testimony.

I would like to introduce to you my colleague from the neighboring district here in Pennsylvania, Mr. William Goodling, who is a member of the subcommittee and a member of the full Committee on Education and Labor. Mr. Goodling.

Mr. **Goodling**. Thank you, Mr. Chairman.

I just want to say that I am happy to be here with you.

One of the problems we have because of the lack of time is we don't really get out to see whether the things are happening that we thought we legislated in Washington, D.C. So I am pleased to be here to hear the testimony of all, and to evaluate the program as it is being presented in Pennsylvania.

Mr. **Murphy**. The first witness we will hear this morning is Mr. Michael Freeman, a rehabilitation counselor representing the Pennsylvania Social Services Union, Pittsburgh, Pa.

Would you introduce the gentlemen accompanying you, Mr. Freeman.

STATEMENT OF MICHAEL FREEMAN, REHABILITATION COUNSELOR, REPRESENTING THE PENNSYLVANIA SOCIAL SERVICES UNION, PITTSBURGH, PA., ACCOMPANIED BY GEORGE YARNALL, COUNSELOR; AND LARRY JENKINS, COUNSELOR, OFFICE OF VOCATIONAL REHABILITATION, PITTSBURGH, PA.

Mr. **Freeman**. I am accompanied today by Mr. Larry Jenkins and Mr. George Yarnall, also counselors in the Pittsburgh office of the Office of Vocational Rehabilitation.

Since the present administration took over the program over 2 years ago, the emphasis of rehabilitation funding has changed dramatically from the traditional service of individual clients to a program of large block grants to rehabilitation facilities. We feel that this change has been detrimental to the interest of our clients, and question whether it is legal or proper to make such radical changes without legislative approval, as they seem to violate the intent of the Rehabilitation Act.

Under the "priorities section" of the act, each State may invoke a priority system to serve the most severely handicapped first "When services cannot be provided to all handicapped individuals." We feel this system was used properly from April 1980 to July 1981 when, due to genuine funding shortages, services were delayed, but not denied, to nonseverely handicapped clients. But the OVR administration acted questionably in July 1981, when they decided to provide cost services to only the severely handicapped for the indefinite future. It was claimed that the mission of OVR was to serve the severely handicapped, whereas the Federal Act was enacted to serve handicapped individuals.

The legislative history of the act reveals that the priorities section was not intended to reduce the number of clients eligible for service, but only to provide an orderly way to select individuals for service during limited periods of time when funding is inadequate.

From a program for the handicapped which would temporarily serve the severely handicapped first due to limited funds, we have become a program for the severely handicapped which will occasionally serve some nonseverely handicapped due to excessive funds. We feel that this is a distortion of the meaning of the act.

There is now no financial reason for remaining on a priority system. At a meeting of the State board of vocational rehabilitation in April 1983, the existence of a $5.5 million surplus of funds was announced for this fiscal year. And the OVR administrator stated that even if every handicapped individual was served, they would still be unable to spend all of this money. Why was the priority system not lifted immediately, as the act seems to require?

It appears to us that the priority system was maintained to deliberately limit the number of handicapped clients who apply, so that money can be saved up to give away in large grants. This was what was done with the $5.5 million surplus this year. Of this amount, $667,000 was given to the State mental health program; $1 million was set aside for a new discretionary grant program for facilities, in addition to establishment grants at the end of the year; $1 million for a new high-technology placement program; $200,000 to establish a new independent living center; $1 million for increases in the medical fee schedule; and $2 million for some cost services to a few select nonseverely handicapped clients.

Since April, no documents or contracts have been produced to prove that the money is being spent in this way. Though all Federal funds must be encumbered by September 30, at a State board meeting on June 22, the State director could only make vague statements about discussions to implement these programs. What really happened to all of this money?

We feel that each of these grants may be improper with section 110 funds, and I have explained this in my written statement.

The $2 million allegedly budgeted for cost services to the nonseverely handicapped is limited to those on general assistance and those economically dislocated due to technology. Thus, a client who has never held a steady job and who has been cut off welfare is still denied training under these criteria.

In addition, three types of disabilities are specifically excluded from funding: Hearing, visual and dental impairments. Under this system, a client who needs a hearing aid, counseling toward a new vocation, and placement in a new job is not in great need of substantial services and is thus categorically denied any funds.

Isn't this targeting of certain disabilities a form of discrimination under section 504 of the Rehabilitation Act, which prohibits denial of service based on type of disability? There is no justification under the priorities section of the act for picking and choosing among different types of nonseverely handicapped clients—even if funding were limited, which it is not.

We feel that counselors have been discouraged from spending money on their clients to build up this large surplus, which could then be given away in grants. Establishment grants are given out for the establishment of new facility programs at the end of every fiscal year. OVR administrators have stated categorically that these grants consist solely of excess funds returned by other States and reallocated by the Federal Government at the end of the fiscal year. They have claimed that a large appropriation becomes available sometime in September which cannot be spent on clients by September 30, so this and only this money is given out in grants.

Yet, in fiscal year 1982, Pennsylvania got only $240,000 in reallocated Federal funds, most of it in July, but gave away $1,100,000 in establishment grants on September 30. Where did the additional $860,000 come from? The State director said in a televised interview in April 1982, that the nonseverely handicapped would be funded if money is available at the end of the fiscal year. The State board's policy says that the first priority for reallocated funds is to pay for direct client services, and only the unused balance may be given out in grants. Yet, although at least $1 million was available, including $860,000 in unspent case service money, no nonseverely handicapped clients whatsoever were funded in fiscal year 1982.

No explanation of this has been made since April 1983, though a letter was sent to all board members, and we were assured by the secretary of labor and industry that it would be made. It appears that funds have been withheld from clients to assure that large grants are made to facilities.

The administration claims that $2.2 million was saved by a layoff of personnel in fiscal year 1982, and justified the layoff by claiming that the funds saved would go into more direct client services such as wheelchairs, prosthetic devices, training programs, and so forth. Yet, with virtually the same section 110 funds for 1982 as for 1981, the amount which went directly to the district offices for client services actually dropped from $13,225,000 in 1981 to only $12,500,000 in 1982.

What happened to the $2.2 million which was allegedly saved? The only increase was an additional $750,000 in establishment grants to facilities, which indicates that such grants are now the real priority of the program. No one knows what happened to the other $1.5 million. It remains unaccounted for.

The number of disabled individuals applying for the program has dropped tremendously, from approximately 58,000 in 1979 to 29,762 in 1982, a reduction of 50 percent in 4 years and 27 percent from 1981 to 1982.

Who are these individuals who are being discouraged and turned away? In addition to the less severely handicapped, another large group of clients who have been devastated by OVR policy are the most severely handicapped of all—those designated as homemakers. In the past, the VRP has provided physical restoration services, such as wheelchairs, artificial limbs, hearing aids, braces, and so on, to very disabled persons who are unlikely to work outside the home, but who can be made independent and capable of managing household tasks. Both the Code of Federal Regulations and the State Vocational Rehabilitation Act legitimize these services. But during the past 2½ years, OVR administrators have directed counselors to deny services to homemakers as often as possible, to reduce the percentage of clients rehabilitated in this category to an arbitrary 20 percent of the State's total.

In the Pittsburgh district office, over 400 cases of elderly clients were ordered closed en masse as unsuccessful in 1981, and all further services were denied to them. Repeated efforts by counselors to the senior citizens centers recontacted as referral sources have been refused, despite the existence of a large surplus of funds.

Though State board meeting minutes of July 1982 indicated that an investigation of the mass closure of homemaker cases should take place, this was never done. A letter from OVR Director George Lowe to Mr. Murphy, the chairman of the subcommittee, of September 28, 1982 states that the only homemakers refused services were minimally handicapped. But our records indicate that the vast majority of elderly homemakers closed were severely handicapped according to the most stringent Federal standards. These services were provided by OVR because they have been unavailable through any other agency.

In June, the orders to restrict eligibility of homemakers became official policy in the new State plan. The only homemakers considered are those freeing another individual for work or caring for dependent children. The State's board's resolution to provide services to prevent institutionalization was deleted and replaced with irrelevant compromise language. In fact, the definition of "homemaker" is already clearly spelled out in Federal regulations which the State has no authority to redefine.

At the June board meeting, the administration's legal counsel held that it was illegal to spend section 110 funds on individuals who live alone and need services to maintain their independence. However, existing Federal regulations state that individuals living alone may be considered as homemakers, and the expectation that the rehabilitation of the homemaker free another family member to engage in competitive employment is not a consideration. By ignoring these regulations, the administration has denied all services to homemakers who live alone or who provide care for another unemployed adult, such as a disabled spouse. This has resulted in a harsh and cruel cutoff and denial of thousands of severely handicapped clients who have nowhere else to turn for help.

It appears that the money saved by this process is going into large grants to certain rehabilitation facilities. We feel that having facilities sit on panels which decide the direction of OVR funds is a conflict of interest, as this puts them in a position to steer funds to their own facilities.

To conclude, it should be kept in mind that though the Reagan administration has tried mightily to cut the basic State grant program in the past few years, Congress has turned back these efforts and actually increased rehabilitation funds substantially. Even the most conservative Congressmen are convinced that this program is cost effective, as it returns $10 in taxes for every $1 invested. The program which has been so successful is the traditional vocational rehabilitation program, which puts people back to work or prevents them from being institutionalized at a low per capita cost.

By cutting our successful clientele and redirecting funds toward large block grants which have not been proven to be cost effective, Pennsylvania OVR is destroying the effectiveness of the rehabilitation program. We feel that this approach should be stopped at once; for if it is adopted by other States, we fear it could lead to the death of the vocational rehabilitation program in Congress.

Thank you.

[Prepared statement of Michael Freeman follows:]

Prepared Statement of Michael Freeman, Pennsylvania Social Services Union, Pittsburgh, Pa.

My name is Michael Freeman, and I am testifying as a representative of the Pennsylvania Social Services Union. I am accompanied by George Yarnall and Larry Jenkins, also counselors in the Pittsburgh office of the Office of Vocational Rehabilitation. Since the present administration took over the vocational rehabilitation program over two years ago, the emphasis of funding has changed dramatically from the traditional service of individual clients through individual counselors, to a program of large "block grants" to rehabilitation facilities. We feel that this change has been detrimental to the interest of our clients, and question whether it is legal or proper to make such radical changes without legislative approval, as they seem to violate the intent of the Rehabilitation Act.

Under the "priorities section" of the Act, each state may invoke a "priority system" to serve the most severely handicapped first "when services cannot be provided to all handicapped individuals." We feel this system was used properly from April, 1980 to July, 1981 when, due to a genuine funding shortage, services were delayed, but not denied, to non-severely handicapped clients. But the OVR administration acted questionably in July, 1981, when they decided to provide cost services to only the severely handicapped for the indefinite future. It was claimed that the "mission" of OVR was to serve the severely handicapped, whereas the Federal Act was enacted to serve "handicapped individuals." The legislative history of the Act reveals that the "priorities section" was not intended to reduce the number of clients eligible for service, but only to provide an orderly way to select individuals for service during limited periods of time when funding is inadequate. Though the Federal government has not forced any state to invoke or remain on a "priority system" indefinitely, this administration has used an alleged "Federal mandate" to serve only the severely handicapped as justification for permanently limiting eligibility standards, thus denying vital services to thousands of our former clients. From a program for the handicapped which would temporarily serve the severely handicapped first due to limited funds, we have become a program for the severely handicapped which will occasionally serve some non-severely handicapped due to excessive funds. We feel that this is a distortion of the meaning of the Act.

There is now no financial reason for remaining on a "priority system." At a meeting of the State Board of Vocational Rehabilitation in April 1983, the existence of a $5.5 million surplus of funds was announced for fiscal year 1983. An OVR administrator stated that even if every handicapped individual was served, they would still be unable to spend all this money. Why was the priority system not lifted immediately, as the Act seems to require?

It appears to us that the "priority system" was maintained to deliberately limit the number of handicapped clients who apply, so that money can be saved up to give away in large grants. This was what was done with the $5.5 million surplus this year. Of this amount, $667,000 was given to the State mental health program; $1,000,000 was set aside for a new "discretionary grant" program for facilities, in addition to "establishment grants" at the end of the year; $1,000,000 for a new high-technology placement program; $200,000 to establish a new independent living center; $1,000,000 for increases in the medical fee schedule; and $2,000,000 for some cost services to a few select non-severely handicapped clients. Since April, no documents or contracts have been produced to prove that the money is being spent in this way. Though all Federal funds must be encumbered by Sept. 30, at a State Board meeting on June 22 the State Director could only make vague statements about "discussions" to implement these programs. What really happened to all of this money?

We have serious questions about the propriety of spending section 110 funds for these and similar purposes in the new three-year State Plan. Section 110 funds are provided by Congress primarily for direct services to individual clients in the traditional program. As funds for independent living centers are provided under a different section of the Rehabilitation Act, we feel the State Plan's intent to spend $1,750,000 annually of section 110 funds for this purpose is a form of "sweetening" or supplementing independent living grants already made, which may be improper. Much of the $1 million allotted annually for a high-technology placement program will go into research grants to rehabilitation engineering programs; again this is questionable as funds for this purpose are already provided under a different section of the Act. To give a large grant to the State mental health program is dubious in view of the "sole state agency" clause in the code of Federal regulations, which prohibits the distribution of rehabilitation funds among the two or more state agencies. The $1 million needed to implement the new medical fee schedule is also highly questionable, as we have learned that these new fees were not approved by the State Budget Office. The "discretionary grant" program appears to be a direct give-away to rehabilitation facilities, as the amount of matching funds needed by facilities was slashed from 20 percent and to only 5 percent, and section 110 funds will be "set aside" to give out at any time during the fiscal year, regardless of the needs of the direct service program. Though this program was approved by the Board in April, it was deleted from the new State Plan, so that its existence is hidden from the public.

The $2 million allegedly budgeted for cost services to the non-severely handicapped is limited to two categories of clients: those on General Assistance, and those "economically dislocated due to technology." Thus, a client who has never held a steady job, and who has been cut off welfare, is still denied training under these criteria. In addition, three types of disabilities are specifically excluded from funding: hearing, visual, and dental impairments. Under this system, a client who needs a hearing aid, counseling toward a new vocation, and placement in a new job is not "in real need" of "substantial services" and is thus categorically denied any funds. Isn't this targeting of certain disabilities a form of discrimination under section 504 of the Rehabilitation Act, which prohibits denial of service based on type of disability? There is no justification under the "priorities section" of the Rehabilitation Act for picking and choosing among different types of non-severely handicapped clients, even if funding were limited, which is is not. As little has been done to inform or encourage counselors to use this "expanded priority system," it is very doubtful that $2 million will actually be spent on non-severely handicapped clients before the end of the fiscal year.

We feel that counselors have been discouraged from spending money on their clients to build up this large surplus which could then be given away in grants. "Establishment grants" are given out for the establishment of a new facility program at the end of every fiscal year. OVR administrators have stated categorically that these grants consist solely of excess funds returned by other states and reallocated by the Federal government at the end of the fiscal year. They have claimed that a large appropriation becomes available sometime in September which cannot be spent on clients by Sept. 30, so this and only this money is given out in grants. Yet, in fiscal year 1982 Pennsylvania got only $240,000 in reallocated Federal funds, most of it in July, but gave away $1,100,000 in "establishment grants" on Sept. 30! Where did the additional $860,000 come from? The State Director said in a televised interview in April, 1982 that the non-severely handicapped would be funded "if money is available at the end of the fiscal year." The State Board's policy says that the first priority for reallocated funds is to pay for direct client services, and only the unused balance may be given out in grants. Yet although at least $1,000,000 was available, including $860,000 in unspent case service money, no non-severely handicapped clients whatsoever were funded in fiscal year 1982. I informed the Secretary of Labor and Industry of these facts at a meeting in April, 1983, and he assured us that he would respond promptly in writing. In addition, State Board members were told that an explanation would be made at the June Board meeting. However, to date, no explanation has been made, and new "establishment grants" applications were announced in the Pennsylvania Bulletin in May 1983 with precisely the same justification given in previous years. It appears that funds have been withheld from clients to assure that large grants are made to facilities.

The administration claims that $2.2 million was saved by a layoff of personnel in fiscal year 1982, and justified the layoff by claiming that the funds saved would go into more direct client services such as "wheelchairs, prosthetic devices, training programs, etc." Yet, with virtually the same section 110 funds for 1982 as for 1981, the amount which went directly to the district offices for client services actually dropped from $13,225,000 in 1981 to only $12,500,000 in 1982. What happened to the $2.2 million which was allegedly saved? The only increase was an additional $750,000 in "establishment grants" to facilities, which indicates that such grants are now the real priority of the program. No one knows what happened to the other $1.5 million. It remains unaccounted for.

The number of disabled individuals applying for the program has dropped tremendously, from 58,462 in 1979 to 29,762 in 1982, a reduction of 50 percent in four years and 27 percent from 1981 to 1982. Who are these individuals who are being discouraged and turned away? As we have shown, the less severely handicapped are a large part of this figure. However, another large group of clients who have been devastated by OVR policy are the most severely handicapped of all—those designated as "homemakers." In the past, the vocational rehabilitation program has provided physical restoration services, such as wheelchairs, artificial limbs, hearing aids, braces etc. to very disabled persons who are unlikely to work outside the home, but who can be made independent and capable of managing household tasks. Both the code of Federal regulations and the State Vocational Rehabilitation Act legitimize these services. But during the past 2½ years, OVR administrators have directed counselors to deny services to homemakers as often as possible, to reduce the percentage of clients rehabilitated in this category to an arbitrary 20 percent of the State's total. In the Pittsburgh district office, over 400 cases of elderly clients were ordered closed en masse as "unsuccessful" in 1981, and all further services were denied to them. Repeated efforts by counselors to have the senior citizens centers recontacted as referral sources have been refused, despite the existence of a large surplus of funds. Though State Board meeting minutes of July 1982 indicate that an investigation of the mass closure of homemaker cases would take place, this was never done. A letter from OVR Director Geogre Lowe to the Chairman of this Subcommittee of Sept. 28, 1982 states that the only homemakers refused services were "minimally handicapped," but our records indicate that the vast majority of elderly homemakers closed were severely handicapped according to the most stringent Federal standards. These services were provided by OVR because they have been unavailable through any other agency. In June, the orders to restrict eligibility of homemakers became official policy in the new State Plan. The only homemakers considered are those "freeing another individual for work" or caring for dependent children. The State Board's resolution to provide services "to prevent institutionalization" was deleted and replaced with irrelevant compromise language.

In fact, the definition of "homemaker" is already clearly spelled out in Federal regulations which the State has no authority to redefine. At the June Board meeting, the administration's legal counsel held that it was "illegal" to spend section 110 funds on individuals who live alone and need services to maintain their independence. However, the existing Federal regulations in the R.S.A. Manual, sec. 1541. 1062 state the following: "Individuals living alone may be considered as homemakers." "Family status and earnings are not conditions of closure for the homemaker, nor are other factors such as the expectation that the vocational rehabilitation of the homemaker free another family member to engage in competitive employment." By ignoring these regulations, the OVR administration has denied all services to homemakers who live alone or who provide care for another unemployed adult, such as a disabled spouse. This has resulted in a harsh and cruel cutoff and denial of thousands of severely handicapped clients who have nowhere else to turn for help.

It appears that the money saved by this process is going into large grants to certain rehabilitation facilities. Moreover, the facilities that receive the grants are now directly involved in planning the direction of OVR funds. In March, 1982, the administration created an Executive Planning Panel and eight Task Forces to develop a State Plan which would determine how funds would be spent for the next three years. Prominently represented on those panels were rehabilitation facilities which stood to gain financially from the redirection of OVR funds into "block grants." We have no objections to the involvement of consumer groups in the planning process, but we feel that to involve private facilities is a conflict of interest, as they are now in a position to steer grant funds to their own facilities.

To conclude, it should be kept in mind that though the Reagan administration has tried mightily to cut the basic state grant program in the past few years, Congress has turned back these efforts and actually increased rehabilitation funds substantially. Even the most conservative Congressmen are convinced that this program is cost-effective, as it returns $10 in taxes for every $1 invested. The program which has been so successful is the traditional vocational rehabilitation program, which puts people back to work or prevents them from being institutionalized at a low per capita cost. By cutting our successful clientele and redirecting funds toward large "block grants" which have not been proven to be cost-effective, Pennsylvania OVR is destroying the effectiveness of the rehabilitation program. We feel that this approach should be stopped at once; for, if it is adopted by other states, we fear it could lead to the death of the vocational rehabilitation program in Congress. Thank you.

Mr. MURPHY. Thank you very much, Mr. Freeman.

We are honored to also have been joined by Congressman George Gekas, in whose home district today we are meeting. Mr. Gekas, thank you for joining us.

Mr. GEKAS. Thank you.

Though I am not a member of the committee, I thank the chairman for the opportunity to sit in and to participate as briefly as I will be able to. Thank you.

Mr. MURPHY. Thank you, Mr. Gekas.

Mr. Freeman, you indicated in your statement that the order of selection giving priority of service to the severely handicapped was properly implemented in 1980. You do not approve, however, of the change in 1981 which limited services to the nonseverely handicapped to no-cost services such as counseling and placement. That is what you are pointing out.

Prior to the implementation of the order of selection in 1980, were you able to fully serve all of your clients, all of those who sought the services of the OVR?

Mr. FREEMAN. Prior to 1980, we were able to serve all individuals on a first come, first serve basis. Then from 1980 to 1981, there was a genuine shortage of funds, we believe, and the nonseverely handicapped were, we felt, properly placed on waiting lists—that is, they were not simply turned away or told that it was the policy of the agency only to serve the severely handicapped. They were told that services would be delayed. Toward the end of the 1981 fiscal year, some nonseverely handicapped clients were given the OK to go ahead. We felt this did not discourage these people from applying altogether.

But when the board passed a resolution in 1981 that the agency's mission was to serve only the severely handicapped, from that point on, our caseload dropped much more dramatically. We have lost just a tremendous number of people that were served by this program in the past.

Mr. MURPHY. Do you believe that Pennsylvania could fully serve all of its eligible clients without an order of selection, assuming comprehensive services to the most severely handicapped were provided?

Mr. FREEMAN. As I said in my statement, at the board meeting most recently, one of the administrators actually said that even if they served every handicapped individual, there would still be money left over. That is the extent of the surplus right now. Therefore, I think that makes it pretty clear, because they are having so much trouble spending the money now, that they could serve the entire clientele, all handicapped individuals right now.

Mr. **Murphy**. Are services to all persons with visual, hearing, and dental handicaps presently being denied, from your experience?

Mr. **Freeman**. If that is the primary disability, yes. Those individuals are considered, even under the new so-called expanded order of priority, to be not in need of substantial service and not in great need and, therefore, they are to be simply turned away at the door.

Mr. **Murphy**. Then I take it that some services in those categories—hearing, dental, and visual—are supplied, providing there are other reasons for their being in the rehabilitation program?

Mr. **Freeman**. Providing that there is another major disability; that is correct.

Mr. **Murphy**. Mr. Goodling, do you have any questions?

Mr. **Goodling**. I have just two questions, Mr. Chairman.

Mr. Freeman, I notice at the beginning of your statement, you say, "Since the present administration took over the vocational rehabilitation program over 2 years ago;" what are you referring to, since this administration, I believe, is in its fifth year?

Mr. **Freeman**. I am talking about the appointments of those individuals directly responsible for the rehabilitation program, which would be the appointment of Mr. George Lowe as the director of the program, and the appointment of the secretary of labor and industry as the regular secretary, Barry Stern.

Mr. **Goodling**. So you are specifically talking about the administration of the program?

Mr. **Freeman**. Yes.

Mr. **Goodling**. My second question is could you describe a little more the establishment grants to facilities, what facilities, what do they do with the grant money, et cetera?

Mr. **Freeman**. We have some questions about the way those grants are being used at present. The idea of the grants at present is to expand services or provide innovative programs for the most severely handicapped out of section 110 funds. There is one question about that, in that the reading of the act is that the establishment grants are to be for either the establishment or construction of new facilities. In fact, what is being done with those grants is they are being used for new and innovative programs—actually they are replacing what used to be the innovation and expansion grants under the Rehabilitation Act. That seems kind of questionable in itself.

Second, the policy for many years—and as stated, the policy of establishment grants was that in no way would they rob the direct service program, which is a program where counselors provide the services to individual clients. And in no way was money coming out of the funds that counselors can authorize to their clients to provide those grants. They were actually made available from other funds that other States had returned, excessive funds from other States, which the agency simply applied for at the end of the year.

However, when we checked into those figures as to how much they actually get from the Federal Government at the very end, which they couldn't possibly spend in the short time allotted on individual clients who need those services, we found that there was a tremendous discrepancy. So, evidently, there is a large amount of money which is not coming from those reallocated Federal funds, it is coming from the direct service program.

Mr. **Goodling**. Can you tell me what some of those facilities are? For instance, what facilities in central Pennsylvania, in this particular area, would receive such grants?

Mr. **Freeman**. Do you have a suggestion, Larry?

There are a large number of such facilities. There is the Good Shepherd Home, the Harmarville Rehabilitation Center in western Pennsylvania—there is quite a long list of them.

Mr. **Goodling**. How do they qualify to even be in the bidding for these grants?

Mr. **Freeman**. They apply under an announcement which is made in the Pennsylvania Bulletin approximately in May, and they are told at that time that they don't know whether they are going to get any money. They simply apply for competitive bids, put in their proposals, and they inform them in the packet that they don't know whether they are going to get this large appropriation from the Federal Government at the end of the year. So they only know on September 30. But we know for a fact that those reallocated funds, the majority of them, are available in July, and that the amount that is eventually given out in no way matches the amount that is eventually directed to Pennsylvania. So they are being given some inaccurate information also.

Mr. **Goodling**. It far exceeds the amount?

Mr. **Freeman**. The amount that is actually given out, particularly in this last fiscal year, far exceeded the amount which actually came back to the State of Pennsylvania at that last minute.

Mr. **Murphy**. And you suspect that money has been money that was stockpiled from what formerly were other services being provided?

Mr. **Freeman**. Right.

Mr. **Murphy**. What is your understanding of the purposes for which those funds may be spent, that is the funds that go to the facilities?

Mr. **Freeman**. Can you clarify that?

Mr. **Murphy**. Do they provide counseling services? Do they provide individual aids, equipment aids, or do they provide therapy? What is your understanding of what those funds that are allocated to the outside facilities, what are they used for?

Mr. **Freeman**. They can be, and often are, used for programs which duplicate services which are provided in the regular program. They can be provided for programs which simply inform people of what services are available to the handicapped. They are available for things like a housing counseling program or a placement program which, of course, a regular rehabilitation program provides. They are all things which certainly are desirable for the rehabilitation program. We have some questions as to whether those couldn't be provided within the regular vocational rehabilitation program, why there is a priority on providing those same services through facilities.

Mr. **Murphy**. Mr. Gekas.

Mr. **Gekas**. I just caught the tail end of your testimony, and I was reviewing the written part in which you state that block grants "which have not been proven to be cost effective." Have there been any findings at the Federal level that these grants have proved to be not cost effective?

Mr. **Freeman**. No, that isn't what I said.

I said that they have not been proven to be cost effective.

Mr. **Gekas**. Is there any proof that they are not?

Mr. **Freeman**. No. But there is proof that the regular rehabilitation program is cost effective. In other words, we are going into the unknown under the block grant concept. We know we have a program that is working, that is cost effective. We are going into the unknown because we are spending large amounts of money on individuals and we don't know that that money is going to be returned in taxes.

Mr. **Gekas**. But there have been no findings that they have not been cost effective?

Mr. **Freeman**. Not to my knowledge.

Mr. **Gekas**. Nor any holding of funds by reason of any finding that they are not cost effective?

Mr. **Freeman**. No.

Mr. **Gekas**. I have nothing further.

Thank you.

Mr. **Murphy**. I have one final question, Mr. Freeman.

The purpose of the State grant portion as written in the statute is to prepare individuals for gainful employment if possible.

Another part of the act, for which we are seeking funding but have not yet succeeded, provides services to those whose disabilities are so severe that they do not presently have the potential for employment.

Do you feel that at least some of those who have been classified as homemaker placements would better qualify under the other section of that act, to distinguish between those who you are attempting to place in employment and those who you are attempting to help?

Mr. **Freeman**. That would be desirable if those services were provided under the other section of the act. However, traditionally, the only service that has been provided under the independent living center is direct grants to independent living centers. Certainly we have no quarrel with the independent living center.

I don't perceive any movement toward providing physical restoration services to individuals who want to live in their homes who are not qualified, and even perhaps severely disabled enough to go to those independent living centers. Those individuals, at present, are legally within the section 110 money in the Code of Federal Regulations because the homemaker is considered to be a legal occupation, a vocation.

Now if, at sometime in the future, enough money is provided under independent living, first, to fund all of those centers adequately and, second, to provide all those services to people who genuinely need them to live in their homes, certainly it would be appropriate to transfer them there. But that is not available right now. In fact, the problem we have is that—as I indicated, at least in my written testimony—they are also attempting to take large grants to establish the independent living centers from section 110 funds. That doesn't seem to us to be appropriate since those are already under the other section of the act. It is a supplementing of funds.

Mr. MURPHY. Thank you very much, Mr. Freeman.

We may have additional questions for you. I know I have a few, and I think that some of our other subcommittee members who were unable to be here will have some, and we would like the opportunity of submitting them to you for your advice in answering them at a later time.

I would like to welcome State Representatives Bob Belfonte and Mark Cohen, who chairs, I understand, the committee that handles human resources here in Pennsylvania. We welcome both of you, gentlemen. Thank you very much for giving us your time this morning.

Our next witness is George Lowe, executive director of the Pennsylvania Office of Vocational Rehabilitation [OVR] here in Harrisburg.

Mr. Lowe, you may proceed.

I want to apologize for being unable to see you when you visited Washington last week. I know you saw some of the staff members. Our schedule that day just got to be too much for me to handle.

STATEMENT OF GEORGE LOWE, EXECUTIVE DIRECTOR, ACCOMPANIED BY BUD LATZ, DIRECTOR OF OPERATIONS, PENNSYLVANIA OFFICE OF VOCATIONAL REHABILITATION, HARRISBURG, PA.

Mr. LOWE. I am sorry we missed each other, Congressman.

My name is George Lowe. I am the executive director of Pennsylvania's Vocational Rehabilitation Program.

I have submitted for the record testimony which I will not read—it is rather lengthy—in about 40 copies. I would like to read an introductory statement to give the subcommittee an overview of our program in Pennsylvania, and then I would be glad to answer any questions that I can.

Mr. Chairman, I would like to give you and the Subcommittee on Select Education a brief overview of the Pennsylvania OVR, where it has been, where it is now, and where it is going as a program in the immediate future.

In April 1980, the State board of vocational rehabilitation placed the agency on a priority of serving first the most severely handicapped persons who were eligible for vocational rehabilitation services. The State plan that was filed with the rehabilitation services administration was amended to that effect, and the reason given for the placing of the State agency on priority was insufficiency of resources to serve all eligible clients. The State board noted that the Federal act, as amended, permits a State agency to invoke a priority if there are insufficient resources to serve all eligible clients, and that a State agency, in establishing a priority, must provide first for services to the most severely handicapped.

In a real sense, Mr. Chairman, all the office's policies, its shifts in direction, its new programing emphasis, flow from that action taken in April 1980.

Then, in mid-1981, an additional and significant trend was noted in the internal budgeting of the office. OVR staff noted that, for a number of years, what the agency expended for salaries, benefits, and administrative costs had risen to consume more than 50 percent of the total budget, while the dollars available to distribute to our 15 district offices to purchase needed services for our clients—what we call case service dollars—were diminishing alarmingly.

In 1981, they were less than 30 percent. If we had permitted that trend to continue, by 1985 we would be distributing less than $10 million to our district offices for case services. I would only point out the absurdity of having a budget in excess of $50 million in which less than $10 million is available to our district offices for the purchase of services for handicapped people.

To the State board and the office staff, this seemed an unconscionable situation. Under such a set of impossible circumstances, how could the agency possibly adequately meet its stated priority of serving the most severely handicapped, let alone serve all handicapped? Further change had to occur.

In August 1981, the State board acted again. It strongly reaffirmed the priority of serving first the severely handicapped, and set the staff the task of placing as many severely handicapped persons as possible in competitive employment. The board also acted on the office's internal budget problem. It set a standard that no more than 50 percent of OVR's total budget be expended for salaries, benefits, and administrative costs, and no less than 50 percent for case services. This was, and is, the other major change OVR has experienced in the past few years. For us as an office, it meant substantially reducing our management staff at headquarters, eliminating all our regional offices, cutting back our field force in our district offices, principally our supervisory and clerical staff.

The internal budget savings from those actions permitted us to increase the amount of dollars available to our district offices for case services. Dollars, Mr. Chairman, without which we cannot adequately serve our most vulnerable eligible handicapped citizens, for severely handicapped folks require longer time in service and greater expenditures than the nonseverely handicapped.

Additionally, the State board set a policy to permit some of our dollars to be used to build a service network in Pennsylvania—one that does not exist—over the next few years, a service network to meet the needs of severely handicapped people.

And where is it we are now? In this year of 1983, we have arrived at the 50-50 split in our budget. We have formed an interagency agreement with the Pennsylvania Department of Welfare's Office of Mental Health and Office of Mental Retardation. We will match a specified amount of money to develop services jointly for clients we serve in common to eliminate duplication. We are also engaged in the identification of service needs for the severely handicapped and calling new services into existence through a grant program tailored to meet local needs.

Our caseload has changed, and we are now serving more and more severely handicapped people—85 percent this year versus 72 percent in 1981. And though we are out of the numbers game, "the quick and easy rehabs," Pennsylvania still leads the Nation in the number of people rehabilitated and, most specifically, in the number of severely handicapped people rehabilitated.

While these profound changes and shifts in agency policy have occurred, it should be remembered that we still offer to all eligible handicapped people our basic services of evaluation, counseling, guidance, and placement. As our resources increase, our order of selection that is part of our priorities system will expand. But the agency will not, at least in the foreseeable future, return to the old policies that, in many respects excluded or discouraged from service the most vulnerable among us. It is to these, the severely handicapped, that we give our greatest resources, our energies, and our first commitment.

That concludes my formal statement, Mr. Chairman.

[The prepared statement of George Lowe follows:]

Prepared Statement of George Lowe, Executive Director, Office of Vocational Rehabilitation, Department of Labor and Industry

Thank you Congressman Murphy for inviting me to present testimony today at this hearing. I am George Lowe, Executive Director of the Office of Vocational Rehabilitation, in the Department of Labor and Industry, which has responsibility for carrying out the Commonwealth's Vocational Rehabilitation Program.

INTRODUCTION

It is my understanding that this hearing is being conducted because of the "continuing concern in the Commonwealth over the use of Federal rehabilitation funds", as raised in your letter dated June 3, 1983 to George Conn, Commissioner of the Rehabilitation Services Administration. My purpose in being here is to respond to the three questions specifically posed in that correspondence—these having to do with the use of Section 110 monies, the imposition of a priority system", and whether Pennsylvania is in compliance with the Rehabilitation Act by its application of an Order of Selection.

It will be helpful, I think, in answering these questions if I first describe where the Pennsylvania program is and where it is going in the future. This is important because what surfaces is not a program following the path of past practices in serving all handicapped individuals but a program following a direction of priorities and a commitment, consistent with the Amendments of 1978, to serve a more vulnerable population—the severely handicapped. It has been this basic shift in the Office's policies and direction that has been a source of much interest and scrutiny over the past two years.

STATE BOARD POLICIES

The major policies to which I am referring were adopted as goal statements by the State Board of Vocational Rehabilitation in August 1981. In part, these goals set direction for the Office in anticipation of the development of a more comprehensive Plan for the program's service delivery system. These goals, in effect, have impact on a change in priorities and spending patterns in the program. For the purpose of this hearing, a summary of the goals statements is as follows:

(1) First and foremost, giving priority for cost services to severely handicapped persons. By what I mean, the expenditure of our funds for the purchase of physical restoration, educational, and vocational training services required by severely handicapped clients to achieve a vocational rehabilitation objective. It should be clear, however, that the priority for cost services both permits and does not exclude non-severely handicapped individuals from receiving diagnostic, counseling and guidance, and placement services or what we refer to as "no-cost" services.

(2) Maintaining and emphasizing the program's priority on competitive employment and setting out to increase the percentage of competitive employment placements.

(3) Establishing a ratio of 50 percent between case service expenditures and administrative/personnel costs.

(4) Identifying and addressing those issues in support of a service delivery system for severely handicapped individuals by way of a functional State Plan for the program.

(5) Formulating and implementing working agreements with the Department of Public Welfare's Office of Mental Retardation and Office of Mental Health at the state and local levels.

(6) Reorganizing the Office to emphasize field operations in order to better meet the vocational rehabilitation needs of the severely handicapped clientele.

(7) And lastely, related to these major goals were others such as the role of our comprehensive rehabilitation center, the Hiram G. Andrews Center, in the program's service delivery system; the possibility of the program being funded under a block grant and the impact this would have in serving severely handicapped individuals; the training and development of staff to give them the skills to assist a severely handicapped individual in resolving the complexities he faces in his vocational rehabilitation process; and the proactive leadership of the State Board in setting those policies necessary to conduct the program consistent with the intent and clear message of the Rehabilitation Act and its regulations.

The Board's actions in adopting these goals indicated to OVR that its focus for the next two years, and through the development of a comprehensive program plan, would be not to only serve the severely handicapped but the serve them as a priority. Further to assure sufficient funding for this purpose, 50 percent of the agency's monetary resources were to be used specifically for the purchase of rehabilitation services and the creation of those new and essential services and programs needed by this priority population.

At the same time, it was emphatically understood that non-severely handicapped individuals would continue to receive diagnostic services, counseling and guidance, and placement in employment. In fact, the Board expressed this stipulation in its official adoption of the program's Order of Selection in April 1982.

IMPACT OF GOAL STATEMENTS

With the adoption of these goals, the traditional direction of the Vocational Rehabilitation Program was changed. After deliberation and consultation with Departmental officials and staff, these changes came about through a series of actions which were determined necessary to follow the direction set for the program. Briefly, these are summarized as follows:

(1) *Personnel costs.*—A reduction of personnel costs was accomplished by a reduction in force (furlough) at the Central Office level (primarily managers) in October 1981 and in field offices in April and August 1982. The effect of this action was to achieve the 50 percent ratio between case service and administrative/personnel costs in Fiscal Year 1983. This enabled the program to have more monetary resources available for client services and the development of those new, essential services and programs to which I referred earlier.

(2) *Reorganization of office.*—The reorganization of the Office was completed in December 1981 by abolishing the Regional Offices (the layer of supervision between the Central Office and field offices) and by redistributing staff work at the headquarters level. The impact of this action has facilitated communication between field offices and Central Office and has more readily given our District Managers the flexibility to develop programs and services at the local level.

(3) *Network of services.*—The development of a network of services for the severely handicapped through the expansion or establishment of services is aimed at filling gaps at the local level in the service delivery system. Currently OVR grants for this purpose have two requirements. First, the target group must be the severely handicapped and second, the purpose of the expansion or establishment of services must prepare the severely handicapped individual for placement in competitive employment.

(4) *Statewide and local agreements.*—Statewide and local working agreements with the Department of Public Welfare's Office of Mental Health have been negotiated and implementation has begun. Because this population has the lowest success rate among all groups served by this agency, we are also embarking on a cooperative effort with this Office in a joint funding arrangement for grants to provide services for chronically mentally ill persons at the local level. Similar arrangements have been made with the Office of Mental Retardation in the Department of Public Welfare.

(5) *Statewide planning project.*—Our statewide planning project involved over 150 volunteers from the public and private sector and relied heavily on the severely handicapped consumer's involvement and views for a rehabilitation service delivery system in this Commonwealth. This effort was completed in June when the State Board of Vocational Rehabilitation approved and adopted the Commonwealth's first functional Plan. This Plan not only reaffirms the goals and priorities established by

the State Board in August 1981, but more clearly sets the course of the direction for this Office for the next three years. What it says to the public and the consumer is that this program is about a service delivery system that is open and accessible to its clientele and places the first priority on the severely handicapped individual and his/her vocational placement in employment.

(6) *"Numbers game."*—Previously the primary criterion on which success was judged by OVR officials was the number of persons considered rehabilitated. This "modus operandi" related to what can be called "quick fix" volume rehabilitations, with a resultant focus on marginally handicapped persons. We are out of this "numbers game" and are channeling our energies to a quality program.

(7) *Competitive employment.*—The kind of finesse that enabled OVR to play a "numbers game" had the effect of presenting a disproportionate rate of homemaker closures greater than would be expected in a program focusing on competitive employment placements. Crediting a "homemaker case" as rehabilitated was questionable when only "easy, single services" were provided—by that I mean, providing glasses or a hearing aid or "teeth". That is not to say that a single service cannot have an impact on an individual's rehabilitation but what is questionable is what seemed to be a past pattern of providing that single service for the sake of reporting a rehabilitation. In fact many clients were considered to be successfully rehabilitated as "homemakers" when placement in competitive employment was the original objective. Even further, personnel were changing a handicapped person's rehabilitation placement goal when it was determined that they could not find competitive employment. At its peak in 1981, 38 percent of this agency's rehabilitations were homemakers, as compared to 11 percent nationally. By increasing the percentage of competitive employment placements in 1982, the percentage of homemaker placements was reduced. As of the end of June 1983, of our 7,419 rehabilitations, 72 percent were placed in competitive employment, and 77 percent of these are severely handicapped individuals.

LEGISLATIVE BUDGET AND FINANCE COMMITTEE

It was not long after the shift in our direction began that the Legislative Budget and Finance Committee (LB&FC) began a thorough and extensive study of OVR policies and activities. In January of this year—just six months ago—the study was completed. During the term of the LB&FC study, OVR provided resource information, laws and regulations, Minutes of State Board meetings, and suggested the best ways to secure both Federal and State statistics, information, and documents. I make this point because it seems to me, that we have been under a microscope and throughout the examination process, we have remained open and cooperative-taking comfort in the notion that the intent of Congress in the Rehabilitation Act of 1973 was to make explicit that state vocational rehabilitation programs serve severely handicapped persons as a priority.

To a great extent and without enumerating the findings, the LB&FC report, I believe, is supportive of OVR activities and goals and made the following recommendations to improve the management and monitorship of the Pennsylvania OVR Program:

(1) A determination of statewide needs for vocational rehabilitation program services.

(2) Implementation of a system to monitor and evaluate program operating policies and performance.

(3) Development of an "annual report" on the Pennsylvania Vocational Rehabilitation Program for interested members of the General Assembly and the general public; the LB&FC report set forth the purpose and suggested content of such an annual report.

(4) Initiation of steps to stabilize and improve staff morale and to deal with problems in the State VR Agency's overall "organizational climate"; it is suggested that a special intra-agency task force on organizational and staff morale be created and the findings of the task force be used in the formulation of a plan to improve agency operations.

In addition, the LB&FC report recommended that the Legislature consider earmarking specified amounts of State monies to be used specifically for the provision of vocational rehabilitation "cost services" to non-severely handicapped clients. Since the LB&FC study was concerned with cost-effectiveness and particularly the provision of vocational rehabilitation "cost services" to non-severely handicapped clients, the report specifically recommended "that priority emphasis be placed on rehabilitating nonseverely handicapped Public Assistance recipients".

The report then goes on to point out that other states have undergone program changes similar to those which have occurred in Pennsylvania—the conclusion being Pennsylvania is not unique with respect to the changes it made given the circumstances it faced. Specifically from the Conclusions Summary of the LB&FC report (page one), "a total redirection of the Pennsylvania Vocational Rehabilitation Program occurred". In the same paragraph (page two), the summary goes on to comment that, "This redirection of the Program is in conformance with Federal law and regulations and is consistent with Program development in other states". This brings me to the State/Federal partnership in the implementation of the vocational rehabilitation program.

STATE/FEDERAL PARTNERSHIP

From the onset, the Pennsylvania program has to the fullest, engaged in the State/Federal partnership intended by the Federal Rehabilitation Act. This Office has had frequent and direct contact with the Federal Regional Office concerning not only directional aspects of the Pennsylvania program but operational procedures as well. This relationship has ranged from face-to-face discussions about the "Order of Selection" to written responses about the authority within the Rehabilitation Act for the Pennsylvania program to conduct its grant programs. I am confident in saying that we have had both support and encouragement from the Federal level to continue the policies established by the State Board of Vocational Rehabilitation.

RESPONSES TO CONGRESSMAN MURPHY'S INQUIRIES

Congressman Murphy's letter of June 3 questions the expenditure of Section 110 funds on mental health programs, independent living centers high technology placement programs, and direct grants to private rehabilitation facilities. As explained in my earlier testimony, the Office of Vocational Rehabilitation places its priority on serving first the severely handicapped. Consequently, we are committed to identifying gaps in services for the severely handicapped and to building and arranging a service network to fill their service needs. One of the recognized and accepted ways to do this is through grants for the expansion and establishment of rehabilitation facilities that will provide service and program resources to close these gaps. The issue then seems to be whether it is permissable to fund grant programs designed to provide services for severely handicapped persons. Clearly, the authority to do so is contained in the Rehabilitation Act of 1973, as amended, Section 103(b)(2), "Scope of Vocational Rehabilitation Services" under Title I, Part A, which states:

"Vocational rehabilitation services, when provided for the benefit of groups of individuals, may also include the following:

"The construction or establishment of public or nonprofit rehabilitation facilities and the provisions of other facilities and services (including services offered at rehabilitation facilities) which promise to contribute substantially to the rehabilitation of a group of individuals but which are not related directly to the individualized rehabilitation written program of any one handicapped individual."

And in Title 34 of the Code of Federal Regulations, Section 361.53, "Scope of State unit program: Facilities and services for groups of handicapped individuals," which states:

"The State plan may provide for facilities and services, including services provided at rehabilitation facilities, which may be expected to contribute substantially to the vocational rehabilitation of a group of individuals, but which are not related directly to the individualized rehabilitation program of any one handicapped individual. If the State plan includes these facilities and services, it must assure that the State unit establishes and maintains written policies covering their provision."

And in Section 361.11, "Shared funding and administration of special joint projects or programs," which provides the procedural requirements to be met by the state agency. These state, in part, that:

". . . to provide services to handicapped individuals, the State unit with the concurrence of the State agency must request the Secretary to authorize it to share funding and administrative responsibility for a joint project or program with another agency or agencies of the State, or with a local agency . . ."

We employ these authorities; we employ them in the full spirit of their intent—serving the more severely handicapped—and we conform with these authorities.

The second issue raised was whether giving preference to severely handicapped persons is authorized by the Rehabilitation Act when sufficient resources are unavailable to serve all handicapped persons. The question then is one of available resources. A review of OVR expenditure patterns by the LB&FC (page 118, Table 14) reveals that expenditures for the purchase of service for handicapped persons ranged from a low of $20,243,000 in 1970 to a high of $24,958,000 in 1975. The former (1970) represents 69 percent of total expenditures while the latter (1975) represents 60 percent. Now the significant point of this pattern is that some seven years later in fiscal year 1982, the case service expenditure was $21,525,000 and represented only 44 percent of total expenditures.

To amplify further on the decreasing resources available: from 1976 through 1979, the allocations to our District Offices for services for individuals ranged from $18,324,000 to $18,756,000, a fairly constant figure. In fiscal year 1980, however, a decline is evident: significantly from $17,837,000 to $14,000,000 in fiscal year 1982 or by a decline of 23 percent in those funds from which services are purchased for individuals. Consider that this decline occurred too during a time when inflation was escalating and the purchasing power of our dollar was reduced by higher service costs.

I submit that the decrease in the ratio of dollars available for the purchase of services for clients was alarming and the continuation of a priority of services for the severely handicapped was essential.

The third issue has two parts: The allegation that Pennsylvania violated the Rehabilitation Act of 1973 by its application of an Order of Selection for severely handicapped clients during the past two years is unfounded. An "Order of Selection" is a description of the order to be followed in selecting groups of handicapped individuals to be provided vocational rehabilitation services. The Order must assure that those groups of individuals with the most severe handicaps are selected for service before any other group of handicapped individuals. In March 1981 when I arrived to administer the OVR Program in Pennsylvania, I found an agency which was engaged in a production game, was overstaffed, was underfunded for case services, and lacked a clear sense of purpose—these despite being under priority to serve severely handicapped individuals. The program was characterized, too, by being a closed system, unable to relate with the rehabilitation community except through strained relationships at best. Even from within, there was reluctance on the part of staff to exert program initiatives.

Taking the Order of Selection seriously—and within the intent of the Rehabilitation Act, which gives priority to severely handicapped individuals—meant one thing for the program—change. Not only would we be about the business of serving severely handicapped individuals but would be about it actively—seeking out clientele not traditionally served by the program, identifying and establishing services and programs needed by the priority client, and building the bridges in the rehabilitation community which are needed to support this effort.

The second part of this issue has to do with whether Pennsylvania presently violates any part of the Act by expanding its priorities to include certain classes of clients. No, no violation has occurred. In fact, the expansion includes handicapped Welfare recipients and displaced or furloughed handicapped workers who require substantial vocational rehabilitation services to regain employment. It will be recalled, too, that extending priorities to include Welfare recipients was supported by the LB&FC study.

By the end of June, our figures indicated that 22 percent of our clients in an employment status are Public Assistance recipients and 23 percent of our rehabilitants are Public Assistance recipients. The expansion to the groups identified is consistent with the Order of Selection. Clients no longer need to be severely handicapped but must be out of work and/or on Public Assistance to receive vocational rehabilitation "cost services". The concern seems to be that the program's Order of Selection equitably accommodate both severely handicapped and non-severely handicapped individuals.

Even with the expansion of the Order of Selection, not all handicapped individuals will be able to receive "cost services", but I reiterate they are not excluded from the vocational rehabilitation program in that non-severely handicapped persons are provided with diagnostic services, counseling and guidance, and vocational placement services. The question is whether this is fair and I respond it is fair, it is equitable under an Order of Selection giving first—but not only—priority for "cost services" for the severely handicapped.

CONCLUSION

In closing, it seems to me that all interested parties—employes, clients, service providers, advocates—must make sure that the "continuing concern" about OVR expenditures, referred to in Congressman Murphy's letter, must be focused on a quality service delivery system for serving those individuals with the most severe handicaps. To have continued former expenditure patterns, weighted heavily on the side of expenditures for employes, could only have been at the expense of services for severely handicapped persons and, not only that, but at the expense of the agency's flexibility to develop innovative programs and services in building a service delivery network. This proposition is clearly unacceptable and so over the two years, policies and activities have been aimed at striking a proper balance between these essential program components; i.e., personnel expenditures and case service expenditures.

As I mentioned earlier, the direction to be taken by the agency for the next three years has been finalized in our State Program Plan. Our course has been charted and is underway. For all concerned—clients, employes, service providers, advocates, and bureaucrats—an accessible, open system with goals and objectives clearly stated is available for the first time.

And, the focus in that Plan is for this program to provide services in a responsive and responsible manner to severely handicapped persons, and to build a network of services which does not now exist for these underserved citizens of the Commonwealth.

Mr. MURPHY. Thank you very much, Mr. Lowe.

When you speak of approaching one-fifth of your budget being used for the purchase of services, and four-fifths of it used for administrative——

Mr. LOWE. Wages, salaries, and benefits—administrative costs, yes.

Mr. MURPHY. And none of that going for the purchase of services or supplying the handicapped with any implements or devices or aids——

Mr. LOWE. Or training.

Mr. MURPHY. Or training.

Mr. LOWE. Or education.

Mr. MURPHY. When you talk about purchase of services, what is included in that?

Mr. LOWE. Purchase of services includes restoration services; it includes therapy, it includes psychotherapy, it includes the purchase of prostheses, it includes training, it includes education, it includes specialized evaluation, the whole kaleidoscope that traditionally had been purchased in most rehabilitation programs in this country, and certainly in this State, without which we can't carry out the program, Mr. Chairman.

Mr. MURPHY. Don't your personnel provide some therapy with the mental therapy programs, training, and education? Do your personnel provide some of that when they are in the client relationship?

Mr. LOWE. Let's take a look at the counselor's function for a minute. The counselor's function, in our view, is to orchestrate the many services that may or may not hopefully be available on behalf of their client. In the process, that counselor becomes an advocate for that client, to see him through the system, to see him through the many services he may or she may need.

Mr. MURPHY. But not directly providing those services.

Mr. LOWE. They do not directly provide—for example, they don't grant college degrees, they don't provide trade school training, they don't perform operations, they don't make prostheses, they don't engage in vocational evaluation. That is something that we purchase from people who are technical experts in those fields.

Mr. MURPHY. You are saying they do not then work with their client in a physical sense, but as a coordinator, as a guide, as an advocate; is that your——

Mr. LOWE. And as a counselor.

One of the critical things for every client in OVR is motivation. One of the critical things in OVR also with the counselor's function is to see to it that the services that we are supposed to get for that client, we get, and that we see that they are quality services.

Mr. MURPHY. What about the allegation that a lot of money was available while you were restricting services only to the severely handicapped, and that you had additional dollars remaining that could have gone to provide some services to nonseverely handicapped?

Mr. LOWE. Here is a key issue. Let me see if I can state it as clearly as I can.

The State board made a decision that whatever dollars we had left over, whatever dollars were available that we could spend reasonably, we should spend to build a service network that served the severely handicapped people. If we have a priority to serve first the severely handicapped, and we don't have the services to do that, we can't meet our goals. This is an agency that traditionally had a mixed case load. We are now talking about finding, seeking out, working with those people who are most vulnerable among us first, serving them through the whole kaleidoscope of services—some of which don't exist. That is what I mean by building a service network.

So what we do is we ask our district offices, all 15 of them, to identify services that we need that don't exist, and that is what the grant program is about. It is to call into existence those services that don't exist.

What are some examples? Some examples are: We discover some severely handicapped people who are eligible for our program who need to live in the community, who need to get out of the institution that they are in. So, for the first time, the agency is going to engage in creating community living arrangements. The way you create community living arrangements is you may also be involved in attendant care, which is one of the fundamental needs of severely handicapped people.

I am talking, however, about people who are eligible for our program. I am not talking about centers for independent living. I am talking about living in the community—part of our client case load—and in the process of living in the community, undergoing training programs, vocational evaluation, to determine the full extent of the possibility of some of those folks getting jobs.

We have, Mr. Chairman, in this State a number of people—let me put it this way—who have messed up bodies, but who have good minds. Many of these people have been discouraged by this agency in the past from coming and seeking services. Why? Because the agency was driven by numbers. The agency wanted to lead the Nation in rehabs. It is a noble objective. But when you are driven by numbers, when the psychology of the agency is to do quick rehabilitations—get me 500 rehabilitations, get me 555 rehabs next month, et cetera, et cetera—then the whole energy and creativity of the agency can't be devoted to working with the people who are most vulnerable, but who are eligible for our services.

That is what we are about. So when we talk about network building, when we talk about expending the funds for grants, we are talking about building a network.

Incidentally, there is no such thing as a block grant process in this State. There is an elaborate, carefully tailored system to make the most objective judgment as to what are the best grants we can get. We publish an article in the Pennsylvania Journal, and agencies send in applications against that advertisement. We go through a process in which, in each of the district offices, those services that are developed in those applications are really the ones that are needed, that are missing, in that area.

The first place that the selections are made is at the local level where the services are needed. They come to us, they are reviewed by us, and then again are reviewed by the district offices, and a selection is made.

Last year—there aren't just a few agencies that receive money—27 received grants. Some of them received grants, Mr. Chairman, for community living arrangements for severely physically handicapped people. Some of them received grants to assist them in developing new techniques in vocational evaluation for this new population of severely handicapped people. Some of them received grants to help place severely handicapped people in employment, with our placement counselors, on the model that Congress initiated, the projects with industry model.

That is what we are about. That is what the grant program is about. That is what the priority is about. As we develop more resources, as you can see by my testimony, we expand our order of selection. The board has already done that to include two large groups of people. As our resources increase, we will continue to expand the order of selection.

But we do not now have sufficient resources to serve the severely handicapped people in this State, and that is why we are still on an order of selection. And we won't have sufficient resources until we have an adequate service delivery system at the local level.

Mr. MURPHY. Thank you.

Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

Let me pursue one of the questions you asked, only in a little more detail.

We heard testimony where it was suggested that a portion of the $5.5 million surplus reported by your office in April 1983, one, has not been spent; two, if spent, has not been documented; and three, if spent, spent improperly. How would you react to those?

Mr. LOWE. Violently.

Of course, we have a plan to spend that money and, of course, it is being committed. Let me mention some of the things that it is committed to.

One of the things we want to arrange is, in the city of Pittsburgh, an advanced technology institute to train severely handicapped people. We are working out a process now in Pittsburgh with the Allegheny Community College and a tie in with CMU to develop that kind of curriculum, that kind of course, which will educate on an academic year 30 severely handicapped people.

One of the key things to that is the Business Advisory Committee that will assure—at least maximize the assurance—that folks who graduate from there will get jobs, good jobs in advanced technology.

There are careers that, 10 years ago, we couldn't have thought of in terms of placing severely handicapped people, but with the arrival of high technology and the advantages of it for severely handicapped people for employment, we are developing a program in these careers. We have a similar program in Philadelphia. It has been very, very successful. It is at the University of Pennsylvania. We now want to do one in Pittsburgh. That is an example of what we are doing.

So there is a plan for the expenditure of all of those dollars.

If you want to call it improper, of course, I wouldn't agree with you on that. It talks about the creation of an institute, it talks about the creation of a network. That is the other major thrust of that money, to call into existence the kinds of services I mentioned earlier for handicapped people, and most specifically for severely handicapped people, that don't exist now. We can't get there from here to meet our priority, our goals, unless we do that. We are fooling ourselves and we are fooling our handicapped community if we don't do what we need to do in terms of the service network.

Mr. GOODLING. I should know the answers to the next two questions, I suppose, but 90 percent of my time is spent on elementary, secondary, vocational, school lunch and child nutrition programs, so I don't have these answers.

Are counselors retained and promoted according to the numbers that they serve? Does that have anything to do with retaining and promoting? Also, does it have anything to do with Federal dollars that come to the State?

Mr. LOWE. It does not have to do with Federal dollars. That is a good question.

It is true that, in the past, counselors have been driven by numbers. This isn't something they thought of themselves, this has been the administration of the program—get me so many rehabs. So the rewards were in numbers.

What we are in the process of doing now is replacing numerical goals with quality goals. I have taken the agency out of the numbers game. We are not in the numbers game now. Even though I have said in my testimony that we still lead the Nation in rehabs of severely handicapped, that is not a number-driven concept. We are after quality.

Quality has to do with things such as the appropriateness of the kinds of services we give handicapped people, and the timeliness by which that service is delivered. That is quality. We are more interested in that than we are in numbers.

Mr. GOODLING. In your meetings across the Nation, how do you stack up with other States in relationship to your 50-50 allocation to salaries and administrative services? Has this been a discussion?

Mr. LOWE. It has been a discussion in most other States. I think the Legislative Budget and Finance Committee report mentions that, though I don't have in my head how we compare with other States.

Mr. GOODLING. Could you supply that information?

Mr. LOWE. We will be glad to do that.

Mr. GOODLING. I have no other questions.

Mr. MURPHY. Mr. Gekas.

Mr. GEKAS. Thank you, Mr. Chairman.

Just one question. When you established in your testimony that the priority was vested toward the severely handicapped, were you implying that the grants that you also discussed were the cement that established that priority, that made that priority? Or to put it another way, if you didn't have those grants and the other programs remained intact without that grant program, would the severely handicapped still be the priority in the services that you render?

Mr. Lowe. We could not serve them if we didn't—to use your metaphor, it is the cement that makes it possible for the system to hold together to adequately serve severely handicapped people. Without it, we can't do it.

Mr. Gekas. In other words, when the priority was established, the grant came up naturally or through evolvement as the way to make sure that your priority was met?

Mr. Lowe. Yes.

Mr. Gekas. I have no further questions. Thank you.

Mr. Murphy. Mr. Lowe, are you collecting any data to reflect the outcome in terms of employability for persons being served under the grants to rehabilitation facilities?

Mr. Lowe. We are in the process of collecting that data. It is a little early for us to give you facts and figures on that.

I would point out to you, though, that part of the plan which has not yet been made public, the 3-year plan, puts a heavy emphasis on the connections in the program with advanced technology.

Let me say again that I think the opportunities for careers for severely handicapped people have vastly increased, even over the last 2 or 3 years. But we do not have hard data on how successful we are being on placing severely handicapped people, although we have noticed in our data that we are placing more and more severely handicapped people in competitive employment. But I don't have a breakdown on what kinds of jobs they are.

If we have it, I would be glad to supply the committee with that.

Mr. Murphy. I think it would help if you would take a look at your success ratio. What concerns me is, as you make a grant to a rehabilitation facility, how much are they using for administrative costs, what are they using to provide the direct services, and are you merely transferring dollars for administrative cost purposes?

Supposing the rehab facility that has the contract is expending four-fifths of their contract money for administrative costs and services, then you are back in the same boat that you alleged that you were when you had a full counseling system of your own.

Mr. Lowe. Let me try to answer that two ways. One is that we, along with the process of awarding grants, also audit. We have instituted a process of auditing the grants that we give to be sure that the money is expended in the way that we have agreed that the money should be expended when the award was made for that grant. That is one thing. So we are watching what you are referring to very carefully. And where there are violations, we ask for money back. We are in the process of doing that.

The other thing that is most important to remember is a word called "outcome." Some private agencies would like to have, as Mr. Freeman suggested, block grants to their agency. That gives them an opportunity to build a whole budget yearly. We don't give block grants. There has been a tension, and there always will be a tension, between our agency and private agencies. It ought to be there. But it ought to be a creative tension.

What we are doing now for the first time with private agencies is this: We are basing our efforts and our relationships with them on outcomes. If you can produce for me, if you run a private agency, the best kind of rehab services for my client and you see that they get jobs, then you can expect a lot of business from us.

Mr. **MURPHY**. That is what takes me back to my first question.

Mr. **LOWE**. And if you can't do that, you are not going to get business from us.

Mr. **MURPHY**. That is why I think it is important for you to collect the data on the employability following the grants.

I have numerous questions, but it is approaching 11 o'clock and we have five more witnesses, Mr. Lowe. I would like to know if I could submit my questions to you in writing, and if you would have your staff then supply us with the answers. We will try to not make them so numerous that they become burdensome. I don't want you to spend any more of your time on administrative work than you have to, but I do have several other questions that I would like explanations on so we can provide it to the full committee.

Mr. **LOWE**. We would be happy to supply you with whatever information we have.

Mr. **MURPHY**. Fine. Thank you.

Do you have any further questions?

Mr. **GOODLING**. No, Mr. Chairman.

Mr. **MURPHY**. Thank you very much, Mr. Lowe, for giving us your time this morning.

We have a request for Hon. Senator Buzz Andrezeski, a State senator from the 49th District of Erie, Pa.

Good morning, Senator. It is nice to have you with us.

STATEMENT OF HON. A. BUZZ ANDREZESKI, SENATOR, 49TH DISTRICT, ERIE, PA.

Mr. **ANDREZESKI**. Thank you, gentlemen.

Mr. **MURPHY**. Thank you for returning to Harrisburg so soon after you quit. We heard you adjourned Thursday; is that right?

Mr. **ANDREZESKI**. Yes, we did. It is almost an automatic trip. It is 6 hours behind the wheel.

I would like to thank you for inviting my participation at this committee hearing.

I would also like to say hello to Congressman Gekas, who has also served in the senate chamber. We were supposed to have lunch together in January, Congressman. We will have to delay that a year or so.

Mr. **MURPHY**. You can have it today, can't you? George is available today.

Mr. **ANDREZESKI**. We were both going, Congressman.

I am here, first of all, to state my support for Congressman Austin Murphy's bill on the Rehabilitation Extension Act of 1983, and strongly support the funding that would take us back to the 1979 purchasing power for State grants.

I am also here to represent northwestern Pennsylvania at this vocational rehabilitation hearing. I would like this committee to please note that in northwestern Pennsylvania, vocational rehabilitation is more than a phrase, it is an actuality. It is a program carried out by a series of operators, by a series of counselors, who have provided the difference. Often, gentlemen, we know that, in Government, there are the talkers and there are the doers.

In vocational rehabilitation in my senatorial district, in the counties of northwestern Pennsylvania, it is an actuality, and it is an actuality that I think we cannot afford to diminish in any quality, whether it be the quality of service to the severely handicapped or the less-severely handicapped, I think it is our responsibility to provide those funding streams. Whether they be the 80-percent federally matched program, whether they be a special grant program just from a county government, or a combination of Federal, State and local moneys, we have that obligation, gentlemen.

On that, I would like to point out from my own experience—I work now in the State senate, but I have worked in boiler shops. I have worked in places where vocational rehabilitation counselors have provided the necessary tools to place a person in a meaningful taxpaying position in our society, as compared to a position where we give custodial service at the cost of the taxpayer.

I would also, in concluding my testimony, like to make one other point. We live in a great society—not to use a statement of other elected officials. But we live in a society that has provided the wealth, that has provided the means for us to become the greatest country on Earth, become the leaders of the free world. And within this greatness, within the wealth of this society—and I mean not just the personal wealth, I mean the natural wealth, I mean the wealth that has provided us with the means to attain our standard of living—I feel there is a place in our society for all individuals. The individuals who are affected by vocational rehabilitation, whether they be the severely handicapped or the slightly handicapped, are individuals who certainly need our considerations.

These aren't the organizations that have 15 different political action committees that can come to us asking for our support, but they are the individuals who are sitting in this room saying, "Look at me, I have a life and I have dignity and I can produce." I think that, within the greatness and the wealth of this Nation, we have the abilities, we have the necessary channels and funding streams to provide this dignity to all people in our society, without exclusion and without hurting any of the individuals who might somehow seem somewhat affected.

Surely, gentlemen, if we can provide aid to every country in the free world, plus some in the nonfree world, we can certainly provide aid in this great Nation to those who want to become a contributing part of our country.

With that, I thank you for hearing me, gentlemen. I appreciate your having this hearing. I also appreciate your being available to come up here into Pennsylvania to listen to these individuals. Thank you.

Mr. MURPHY. Thank you, Senator, very much.

I regret to advise you that the Federal Government will be spending more this month to send a couple of naval task forces through the Caribbean to shake a big stick than Pennsylvania will have to spend on its vocational rehabilitation for the next year. Some day we will get our priorities a little straighter.

You have apparently indicated, Senator, that you favor a total expansion of the program from the severely disabled to all of the disabled. But I have to ask you if you think perhaps there is some assistance—for instance, hearing aids and eyeglasses—that could be provided under the medicaid option that the State has available? Would you think that maybe it was time for Pennsylvania to provide those services through that direction?

Mr. ANDREZESKI. Congressman, Pennsylvania is currently taking that step. With the passage of our last general fund budget, we have appropriated $100 million toward a prescription program. This is a rebate program. But, I think, as the medicare program is cut back on its dollar amount, this is going to come into place, just with the drugs, in helping pay for part of that cost. Pennsylvania has also for handicapped who use medicaid appropriated an extra $100 million just to deal with that situation in terms of hospital care.

I would agree that the State itself has to assume more responsibility in meeting the needs of an aging population, especially a State as Pennsylvania which has an aging population.

The one thing we run into is attitudes—one of the biggest attitudes now is everybody is saying we have to be worried about jobs, and everybody talks about that, and that we have to have the right business climate, that we have to have the right climate for industrial expansion and industrial growth. Along with that, somehow, we have back-burnered the fact that we have to have the right attitude for dignity.

Mr. MURPHY. Mr. Goodling.

Mr. GOODLING. I have just one question, Senator.

Given the fact that we have had a good program in Pennsylvania over the past year, my question would then be that with changes, could this even become a better program?

Mr. ANDREZESKI. Hopefully, sir.

One of the problems, as I reiterated, is facing up to the responsibility as elected officals. I think that sometimes we have to stand up and say perhaps we have to assume the responsibility even if it means assuming more of the cost.

Mr. MURPHY. Mr. Gekas, you have been wanting to cross-examine your colleague.

Mr. GEKAS. Senator, did you say it is working in your area, the sheer reality of it?

Mr. ANDREZESKI. Yes; there is a reality of the situation that they are placing people in jobs and giving them the special equipment. And these individuals, not only can they show you the figures, but, they can show you more than that. Any agency can show you the figures on how well they are doing, Congressman—they can show you all types of figures or they can do a study. But vocational rehab can show you the people on the job.

Mr. GEKAS. I have no further questions.

Mr. MURPHY. Just to thank you again, Senator, and advise you that the handicapped will now be eligible under the Job Training

Partnership Act. I hope that Pennsylvania will seek to implement that.

Thank you, Senator.

Mr. **Andrezeski**. Thank you, gentlemen.

Mr. **Murphy**. We now have a panel consisting of Eileen Schackelton, vice president of Open Doors for the Handicapped of Allegheny County, Pa.; and Sigi Shapiro, executive director, Pennsylvania Coalition of Citizens with Disabilities of Philadelphia. Will both of you please take the witness table.

STATEMENT OF EILEEN SCHACKELTON, VICE PRESIDENT, OPEN DOORS FOR THE HANDICAPPED OF ALLEGHENY COUNTY, PITTSBURGH, PA.

Ms. **Schackelton**. Thank you very much.

Am I speaking to Austin Murphy? Who are you?

Mr. **Murphy**. I am Murphy.

Ms. **Schackelton**. I am glad to meet you, sir.

Mr. **Murphy**. Thank you.

My staff forgot the name tags here for the members, but nobody is perfect.

Ms. **Schackelton**. All right. That is nice to know.

My remarks are addressed to you.

Representative Murphy, and members of the committee, thank you for giving me this chance to give testimony at this oversight hearing on the vocational rehabilitation program in Pennsylvania.

I am here on behalf of the Open Doors for the Handicapped, Pittsburgh Chapter, Bedford County Chapter, Washington County Chapter, Fayette County Chapter, and Butler County. I also believe that I will speak for many other handicapped people across the State of Pennsylvania.

Open Doors for the Handicapped, Pittsburgh Chapter, has no paid employees. We are all volunteers, and have been doing this work for 26 years. The stated purpose of Open Doors for the Handicapped is to promote opportunities for the maximum participation of the physically handicapped person in a competitive society in the areas of education, employment, housing, and recreation.

It has been said that the true worth of a nation is determined by how that nation takes care of those least able to take care of themselves.

With this in mind, in the year 1920, the U.S. Congress set up a plan of vocational rehabilitation whereby the handicapped were to receive medical treatment, counseling, training, physical restoration, and placement services.

Nowhere did it say in that document that homemakers were to be denied wheelchairs, walkers, prosthetics, or anything else needed to maintain their independence. A wheelchair is not an adornment to bedazzle the eye. It is not a luxury item. Even so, we are now being denied these services for the first time in the 63-year history of the program.

OVR has decided that its highest priority is to serve the severely disabled. Don't be fooled by that. Who is the severely disabled? I am very much in favor of serving the severely disabled. We are, indeed, in favor of that, but not to the exclusion of all other disabled persons.

The irony of this fact is that when you take the severely disabled, give them all the schooling they need, all the medical help, including wheelchairs, braces, crutches, whatever they need, many will eventually be right back here where I am, a homemaker with no one who will help. I suggest you teach those severely disabled how to build a skateboard so they can push themselves around because they won't have wheelchairs as homemakers.

In my capacity as vice president of Open Doors in Pittsburgh, I receive many phone calls from people in need of services. For instance, Congressman Doug Walgren's office called me on March 22, 1983, asking where a person in need could receive a wheelchair. As this was a single individual not about to be able to seek employment, I told him not to go to OVR because their policy is not to help the single homemaker.

On March 31, 1983, I received a call from a social worker at Central Medical Pavillion asking for a hospital bed for a person aged 41 with severe arthritis. There was no place to turn to for this person to get a hospital bed. This has always been an OVR program, to help you with these supplies. Since this person was an independent single homemaker, she could not be referred to OVR.

Another call came on May 3 from the Jewish Home for the Aged asking about a person who could have been discharged, to live independently, from the Jewish Home for the Aged because he wasn't old if someone could buy him a wheelchair. Though he was eligible for medicare, he didn't have the 20 percent needed for his share of the payment of the wheelchair. He couldn't go to OVR because there, again, he is a single person placed in the homemaker category.

These are just a few examples of the needs of severely handicapped persons who are not being met by OVR.

There is a man here today in our group who has been denied a brace. You know, a brace today on today's market, a little leather cast that fits around the ankle, a pair of those—just a pair of those—is over $600. You can't imagine that it is just a little piece of leather. Braces are severely expensive.

You talk about modern technology. The technology is here, but it will be denied to the homemaker person because they are not, and probably will not be, employable.

We have such a person here today who has a fantastic wheelchair. Maybe you would like to see it. But the cost of this chair is $3,000. You know, when you speak of an MX missile, $3,000 for a wheelchair looks like a piece of cake. I would like you to see a demonstration of this wheelchair.

It has only been within the past few years that I noticed the policy has come about. But for the 40 years before that, OVR has always been right there. Even in your advertisements about rehabilitation, where do you call? Where do you turn? You turned to OVR. But this has gotten a little bit shakey.

I don't understand why this is happening, Congressman Murphy. Have handicapped homemakers been downgraded to noncitizens? I don't think you mean that. So I think you will be doing something about it.

Did you know that the cost of two artificial legs—one of our people here today needs three limbs. The cost of these three limbs is over $6,000. This person is very well worth that. With these two legs and the arm, she can walk with crutches, and she is a valuable person. I think all of these needs should be met. She is now in the process of getting new legs. But these legs wear out every 3 years. Because of her severe disability, although she has a fine education, she probably will not be employed. She is still trying; she hasn't given up.

I thank you for allowing me.

I would like this lady, Peggy, to show you her fantastic wheelchair. This should be made available not only to the working person, but to all who need it.

Go ahead, Peggy.

Mr. MURPHY. Peggy, if you can stick with us, I would like to see that following the hearing.

Ms. SCHACKELTON. See? She can stand up, and reach in the cupboards in her home, and she can get herself up to go to bed. She can be independent.

Mr. MURPHY. You know, Ms. Schackelton, if someone is denied vocational rehabilitation, they may appeal that right up to the Commissioner.

Has anyone, to your knowledge, in your area taken such an appeal process?

Ms. SCHACKELTON. Yes. I took an appeal myself to Mr. Lowe, and he did follow through and give the person what they needed.

But it is my understanding—I saw it in the bulletin myself—that the unemployable homemaker will be denied services. It would be a sorry sight to see us have to slither around on our behinds on the floor.

Mr. MURPHY. That is why we have inserted title VII, part A of the act, and are hoping to get it funded. We realize that with the strict interpretation of the act, it is sometimes inappropriate for vocational rehabilitation to provide the assistance and, unfortunately, although some of the States have seen fit to go the medicaid route to provide some services, others have not. It is rather sporadic.

I feel, personally, that when we can extend Vocational Rehabilitation Act funds to provide homemaker services without the requirement of direct related employment, it helps alleviate our problems.

Ms. SCHACKELTON. We would like to be employed. I can do work. I can do bookkeeping. It has to be brought to me, though. And in this day and age, that isn't being done.

Thank you.

Mr. MURPHY. Our next witness is Ms. Shapiro.

STATEMENT OF SIGI SHAPIRO, EXECUTIVE DIRECTOR, ACCOMPANIED BY CONNIE TARR, PRESIDENT, PENNSYLVANIA COALITION OF CITIZENS WITH DISABILITIES, PHILADELPHIA, PA.

Ms. SHAPIRO. I would like to thank the chairman and the rest of the committee for this opportunity to address you this morning.

My name is Sigi Shapiro, short for Sigilinda. I am executive director of the Pennsylvania Coalition of Citizens with Disabilities.

Sitting to my left is Mrs. Connie Tarr, who is the president of the coalition.

I would like to tell you a little bit about us before I get into my testimony. We are the only statewide coalition of disability groups, agencies, and individuals in Pennsylvania. We have 25 member groups who, in turn, represent about 70,000 disabled people.

In preparing my testimony for this morning's hearing, I took into account not only my own 10 years of experience in disability rights work, but I also made it my priority to contact our other board members, other member groups within our organization, and people who are actually working in the VR field, with programs and agencies who need to work with the VR folks. We also had some people at our annual meeting who addressed both sides, the union and agency side of the issue.

What we would like to do in our testimony is to address the problems that we see, the good things that are happening, and make some recommendations. Basically, since our testimony is a little more than 15 pages, I am just going to highlight a couple of things that we feel are important.

First, this is the first time the State of Pennsylvania has had a State plan for vocational rehabilitation. It is a 3-year plan. Many of us were involved in the eight task forces that were initially set up to work on issues and to make recommendations. I have to say that we are very encouraged by that. It is a complete turnaround from what happened previously with the voc-rehab system in Pennsylvania.

We have not seen the written plan. We were told we will have copies by September 1. But we were able to have an oral presentation of the plan made to us at our annual convention 2 weeks ago. From what we have heard described, it sounds like a very good plan for the next 3 years. If I can say one thing here, I think we should give this State plan a chance in Pennsylvania.

We would recommend that two additional things be done regarding the plan process; certainly that this continue, that we have plans made every 3 years or every 2 years; that there be a public hearing opportunity for the public to address the plan at some significant stage of its development; and that continued and increased outreach be done with the disabled community.

I also took an opportunity to review the extensive study done by the Legislative Budget and Finance Committee of the Pennsylvania Legislature on the OVR system. They make some very important recommendations that we also endorse.

One of the major recommendations they made in that report that was a statewide needs determination study be done. I think this is absolutely vital. We are often caught, both advocates within the disability rights movement, people who are serving disabled folks, in this numbers game where we have got to justify how many disabled people there are, where they are and what their disabilities are. When we ask for services and programs and don't have those figures, we are in a lot of trouble. This has to be done in Pennsylvania, and I would certainly urge you to do everything you can to make sure that is accomplished.

I also think that we need to have a real system implemented which would really monitor and evaluate the OVR programs. What we found is that a lot of the good ideas that we have heard about, because we have been meeting with Mr. Lowe on a quarterly basis over the past 9 months—at his request, because he wanted to give input to us and hear what we had to say—other folks haven't had that opportunity. We know there are some good ideas there and some good intentions there, but it is not getting out to the disabled community.

Conversely, the complaints from the disabled community on what the problems are with the system, I don't think they are getting to management. And I think there needs to be a better management and evaluation system which can monitor these things.

On the issue of order of selection, I don't have the staff to do a definitive study of what the financial situation is within OVR. But it is my understanding that, because of financial cutbacks, we have got to go to an order of selection.

We vehemently protest this. I cannot sit here and endorse the concept of helping some disabled people and not others. But if someone is saying it is financially impossible to do otherwise, then we have got to say that it is about time that severely disabled people were served. Too many times in the past, severely disabled people have had cases which were considered much too complex and where they were totally dissuaded or turned off by counselors, or they didn't have the resources in the offices so that the counselors could handle all of the cases satisfactorily. And these folks were going unserved or they were being misplaced in sheltered workshops for easy closures, or they were just being ignored.

So, if an emphasis has to be put on a segment of the population, the majority of the people we have spoken with, within our organization and outside, say you have got to serve the severely disabled.

We are concerned about the possible medicaid coverage or other ways that the cost services can be provided for the non-severely disabled. We would urge you in Washington and the legislature in Harrisburg to consider everything they possibly can to find some funding to provide those cost services.

The Legislative Budget and Finance Committee also makes that recommendation that additional funds be appropriated by the State legislature. We hear about the teeth and the eyeglasses and all of those kinds of needs. We are happy to see that OVR has made a commitment to provide noncost services. I certainly would say, personally, they should at least be doing that. I don't think they could get away with doing anything less than that.

In terms of the allocation of funding—I have lost track of my time—there has been a switch in terms of how many dollars are going into services for disabled people and how many are going into administration. It is my understanding that, a few years ago, 62 percent of the dollars were going to administration and 38 percent to disabled people and their services. Mr. Lowe has said that his goal is to bring that to at least a 50/50 split. We would say that is absolutely the minimum that we would accept. We are happy to see that that is a stated goal, and we would like to see it improved to at least a 60/40 split in favor of disabled people's services.

We have also, as I said earlier, seen a real problem with staff training and communication with disabled clients and communication within the system. We think—and I believe this is within the

State plan—that the staff people really need to be trained much better in how to deal with severely disabled people, and they need to know what resources are out there. Disabled people need to hear about what their rights are within the OVR system.

I heard you ask earlier, Congressman, about an appeal. A lot of people do not understand the process at all. That information has got to get out to them. They have got to know what their rights are. I know that, on the task force I worked on we addressed that issue, and we hope that these problems are solved.

Finally, in terms of just some general recommendations, I have to say that we are concerned about something else the Legislative Budget and Finance Committee addresses, which is the lack of cost effectiveness that has been seen where severely disabled people are rehabilitated and trained at a higher cost.

We just want to make sure that you understand that we do not want to see the commitment to rehabilitating severely disabled people changed if, in fact, you do find that it is costing more and it is not bringing in quite as much money in terms of tax revenues or whatever as it does to rehabilitate those easy rehabs or easy closures we heard about.

We feel that it is very important, in summation, to serve all disabled people, and we want to see all of the additional programing that is necessary covered in some way. We will be happy to work with both legislatures and the people in OVR to try to make that happen. But if an order of selection has to be established, the severely disabled people need the networking that OVR is talking about, the support services that have been mentioned earlier this morning, and the emphasis being put on them finally.

Thank you very much. I would be happy to answer your questions.

[The prepared statement of Sigi Shapiro follows:]

Prepared Statement of Sigi Shapiro, Executive Director, Pennsylvania Coalition of Citizens With Disabilities, Inc.

I would like to thank the Committee for inviting the Pennsylvania Coalition of Citizens with Disabilities (PCCD) to testify at this hearing. Before I begin my comments I feel that you should know something more about PCCD and whereof we speak. PCCD is unique in that it is the only statewide coalitions of disability rights groups, agencies serving disabled people and disabled individuals in Pennsylvania. We have 25 member organizations who in turn represent 70,000 disabled people. Our members include Pennsylvania Easter Seal Society (Pa.E.SS.), Developmental Disabilities Advocacy Network (DDAN), Pennsylvania Association for Retarded Citizens (PARC), Disabled in Action (DIA), Operation Overcome (OO), Pennsylvania Council of the Blind (PCB), Pennsylvania Society for the Advancement of the Deaf (PSAD), and Mental Health Association of SE/Pa. (MH Assoc. of SE/Pa.).

In preparing my testimony for this hearing I took into account what I have learned during my 10 years in disability rights advocacy work; secured the opinions of our members and Board; and contacted many different individuals who work with the Vocational Rehabilitation (VR) system in Pennsylvania on a daily basis including administrators of rehabilitation programs and facilities, information and referral providers, job placement personnel, local government agencies, and recipients themselves. Finally, I made a careful review of the February 1983 report of the Pennsylvania Legislative Budget and Finance Committee.

In my testimony I shall cite the problems we have identified within the Pennsylvania VR system, the good efforts and programs they've undertaken and make recommendations relating to both.

I. STATE PLAN

A 3 year State Plan for the Pennsylvania Office of Vocational Rehabilitation (OVR) has recently been adopted by the OVR Board. While none of us have been able to see it for ourselves, we in PCCD were able to hear an oral presentation on its contents at our Annual Membership Assembly two weeks ago. Many of us were also involved in the eight Task Forces which initiated many of the recommendations which were later incorporated into the Plan.

The process used to develop this plan involved a kind of outreach to the community that is most concerned about OVR issues and programs that was a first for me and my colleagues. To be candid, given past OVR history, many of us were shocked when our involvement was solicited. Indeed, having a 3 year plan is a totally new idea, one that was long overdue and we applaud its existence and the work involved in putting it together by the Task Forces Policy Development and Consultation Committee (PDCC), the Core Group, State Board members and staff.

PCCD feels that the Plan as we have heard it described sounds like an excellent one. We strongly urge that it be given a chance to work. We would also encourage OVR to continue using this planning technique which is a basic tool for proper management and standardization, efficiency and accountability. Further recommendations would be for OVR to increase opportunities for disabled people and the general public to participate in the formulation and monitoring of future plans by (1) adding another step to the development stage where public hearings would be held on the proposed plan at a time when the input would have a meaningful impact on the process; and, (2) increasing the outreach efforts to disabled people, clients and providers which has been started.

Better notice of OVR State Board meetings and other events in which the public may participate should also be provided. Finally, we suggest that a schedule for implementation of the plan be developed and followed with annual reports on the progress that is made.

II. MANAGEMENT, EVALUATION AND NEEDS ASSESSMENT

A. A statewide needs determination study as proposed by the Pennsylvania Legislative Budget and Finance Committee (LB&FC) must be done as quickly as possible. The purpose of the study would be to determine what types of services are needed and the types of clients who need them.

This effort is long overdue and would help us all to gain a better picture of the disabled population in Pennsylvania. Such a study would seem to be a basic tool necessary to all of us who are serving, advocating for, legislating and appropriating funds for disabled people and their programs. A definitive numerical study has never been done of the disabled population as a whole. It has caused us all to advocate and debate issues ignorant of the real statistical, and by implication financial, impact of those actions we take.

B. We would also agree with the recommendations of the LB&FC that a system must be implemented to really monitor and evaluate the OVR Program. We are aware of the various standards which have been established, the questionnaires and surveys that have been disseminated and the data collected. We are concerned, however, that the data is not being properly used in that (1) the good ideas and programs initiated from OVR Central office are not filtering down to the on-line staff i.e. counselors who actually implement operations; and (2) that the complaints we have heard most often from clients and other service providers who deal with OVR are not reaching the administrators and being addressed.

C. Given the above recommendations we would also urge that OVR undertake the production of an annual report on its program and services, and the success it has had in meeting the goals stated in the 3 year Plan. This annual report should be made available to the appropriate members and committees of the Pennsylvania Legislature and interested members of the general public.

III. ESTABLISHMENT OF AN "ORDER OF SELECTION"

As a long time advocate on disability issues and the Executive Director of an organization that represents such a diverse range of disabled people it is incumbent upon me to protest the need to choose between one disabled person and another when services are so desperately needed by all. I must also question the system or policy makers who force us to make these choices.

Having said this, I will say that PCCD recognizes what caused this situation. The cutbacks in federal funds and changes in policies and practices initiated by the current administration in Washington have necessitated that an "order of selection" be initiated when it is deemed that it is not financially possible to serve everyone. This was mandated by the 1978 Rehabilitation, Comprehensive Services, and Developmental Disabilities Act and its implementing regulations. We recognize this mandate and understand the efforts Pennsylvania OVR is making to abide by it.

In early 1980 OVR determined that an "order of selection" had to be established due to fiscal constraints. They did take two other important steps, however. First, they guaranteed that those who were determined to be "non-severely handicapped" would still receive the so-called "no cost services".

These services include vocational counselling, job placement services, guidance and information and referral services. Second, in January, 1983 a combination of federal guidelines and OVR developed "functional limitation statements" became the method used in making severely handicapped determinations. Given the federal mandate, given the 1980 OVR determination that an "order of selection" policy had to be initiated and given the efforts OVR has made to define "severely handicapped" in terms of "functional limitations" in addition to the use of federal guidelines, we can only say that we commend OVR for recognizing the situation and trying to deal with it in as fair and thorough a way as possible.

It has been a long standing complaint within the disabled community that too many "teeth and eyeglass" cases were being served and that the "easy closes" or "easy rehabs." were the unstated policy of OVR in order to maintain their position as leader in the nation in the "numbers game" they were playing. Frustration was high in the disabled community as this game was played while truly needy, severely handicapped people were being turned down for services. I can only say that after hearing about this redirection of the Program and understanding its causes and intent, the vast majority of the disabled people and providers we hear from are in full support of this policy shift and feel that it was long overdue.

IV. SHIFT IN ALLOCATION OF FUNDS

The overwhelming majority of us were also very pleased to learn that a shift in the allocation of program expenditures away from administration costs and toward the purchase of services was going to take place. Establishing a short term of a 50 percent/50 percent ratio of expenditures between administrative/salary and case service costs, and a long-term goal of a 60 percent/40 percent split seemed eminently fair and again, as in so many instances, long overdue. Indeed, we would advocate for an even better ratio similar to California's and Michigan's where 67 percent and 63 percent of the total VR dollars are being spent on direct case services respectively.

Unfortunately, this shift caused 193 OVR employees to lose their jobs. This has brought hardship to those who were let go especially in these difficult economic times, and has not made the job any easier for those counselors and clerical staff who remain. We sincerely regret the effect this has had on those individuals. However, it must be said that we do now and will continue to support in the future any efforts made to get the already limited dollars available for VR programs to the handicapped people for whom they were intended and who need them so desperately.

Unfortunately, these efforts caused a great deal of confusion for OVR staff, clients and potential clients. I can recall that I, one who is supposed to be a knowledgeable disabled advocate, discarded my intentions to apply to OVR for services when I heard "through the grapevine" that changes had been made in the eligibility criteria and types of services being offered. It was a stupid mistake, and I should have known better. Had I pursued my intent and applied for services I believe that I would have been judged eligible and would have received the help I needed. I plan to rectify that mistake in the near future. The point is, however, that basic, important information on OVR services and eligibility criteria is not reaching the disabled population and is not well understood by the counselors who serve them. Witness the testimony and printed materials we have seen and heard over the past few years and the point is clear.

We would recommend therefore, that several steps be taken to alleviate this situation and to ease the implementation of the positive goals OVR has established. 1. We would endorse the point made by the LB&FC that formal guidelines be established where a definite method is used to monitor the "order of selection" process. This would tell OVR when to start "order of selection", the criteria, whether it is going according to plan and when to stop. 2. OVR must undertake a program to greatly improve its efforts to get information out to their clients and staff in particular, and the public at large.

There is an enormous information gap between OVR and the disabled population where most disabled people know nothing about OVR's goals and services. Others are misinformed and they mislead those disabled people or others who come to them for advice when services are needed. In effect, a PR for VR project should be established whereby quality information will get to the advocates and service providers who need to know what is available.

Disabled people must also be made aware of the OVR process and how it works, their rights as clients of the system and the appeals process. The State Plan addresses this and its goals in this area must be carried out.

3. OVR must continue its staff training programs and upgrade the kinds of training done for counselors. The shift in priorities has drastically changed who is served and the amount of money going into services. An intensified effort is required to prepare the remaining counselors so that they are able to handle an increased caseload and more complex cases.

While researching this issue we heard countless complaints about:

(1) The length of time it takes to evaluate and serve a client.

(2) The lack of expertise in the needs of severely handicapped people and what their real potential is. This caused many highly functional severely handicapped people to be placed improperly in sheltered workshops for "easy rehabs" or other positions with no future.

(3) The communication problems that exist between clients and counselors where clients are not treated as equals and the establishment of an effective working relationship is impossible.

(4) Counselors actually dissuading clients from trying to achieve their full potential because they would "lose their current benefits". There is a chronic problem with this in the Williamsport office. Counselors are also misguiding disabled people into educational plans where graduate education (not provided by OVR) is necessary before one can hope to obtain a job. This latter problem was reported in Philadelphia.

(5) The inconsistency of services where one client will get two completely different levels of service in the same VR office. To quote one source, he has seen one office where "15 counselors are doing zero and the remaining few are busting their behinds to do everything they can for their clients".

(6) Counselors are afraid to make key decisions and recommendations on wheelchairs and other pieces of equipment because they fear they will later be turned down. As a consequence, money and time are wasted on Dr's evaluations where properly trained counselors could handle the tasks.

(7) There is also a great fear of the appeals process which inhibits counselors.

The skills of VR counselors must be upgraded to make them aware of the possibilities for and the potential of severely disabled clients. They must be trained and encouraged to use counseling techniques effectively and not play the numbers game. They must be taught how to deal with severely disabled people so that they are comfortable with them and can provide quality services.

The evaluation and appeals process both need to be speeded up so that clients are served in a timely manner and can expect a decision on their appeal before they are too old to start a new career.

Steps must be taken to stabilize and improve staff morale and to deal with the general climate within the district offices.

We suggest that a point system or other way be established to determine productivity so that counselors who will now be dealing with fewer and much more complex cases can see an indication of their accomplishments. We also recommend that more latitude be given to counselors so that time and money can be saved when basic decisions need to be made and counselors (who are properly trained) can feel that they've done a good job and really made a difference. OVR might also consider a team approach where certain types of cases could be handled by counselors who have developed a particular expertise with certain types of disabilities such as cerebral palsy or spinal cord injury. In an attempt to solve the problem of too much paperwork OVR might also make efforts to reclassify current staff or create new positions called "counselor aides." These employees might relieve the incredible burden of record keeping for counselors whose time would be better spent counseling.

V. GENERAL CONCERNS AND RECOMMENDATIONS

Finally, we want to voice our concern about how the shift in funds and priorities will affect future funding and services for all disabled people. The disabled community and those who serve them are constantly caught up in the numbers game and asked to justify their needs in financial terms. This is an abiding source of frustration and anger for those who believe that serious human needs should not require justification. Since we do not foresee a change in this attitude and the policies it fosters in the near future, we must ask some important questions.

(1) Once the "order of selection" policy is firmly established what hope is there that this will not become standard operating procedure and that non-severely handicapped people will ever again receive "cost services"?

(2) Will those disabled individuals who are no longer going to receive eyeglasses, hearing aids, special shoes, below the knee prostheses and other appliances have alternate sources of support they can turn to? Will special efforts be made to educate counselors and clients on the availability of other programs. We are especially concerned about those individuals who may have become dependent on OVR over the last 10 to 30 years who may find themselves unable to obtain any help and will in turn face a much more limited lifestyle.

(3) Will the increased indications of the "lack of cost effectiveness" vis-a-vis the Public Assistance Program savings previously accrued due to the easier case closings for non-severely handicapped clients, cause OVR, RSA and those who appropriate VR funds to alter their commitment to the severely handicapped?

The LB&FC report indicates that it costs much more to rehabilitate a severely handicapped client. It also shows that the job placement ratio for rehabilitated severely-handicapped clients is lower in comparison to that of non-severely-handicapped clients. Is this higher cost going to alter the state's commitment to the severely handicapped? Is the job placement ratio, which must have been affected by the very large number of homemaker and other easy closes of past history going to hinder future funding decisions made by Congress and the State?

4. If there will be as indicated by the LB&FC report, further increases in the amount of Program funds spent for programs and services provided by private VR agencies as OVR moves to serve more severely handicapped people, how will this affect the quality and level of services that non-severely-handicapped clients will receive? Who will monitor the delivery of these services, and how will it be done? What will the criteria be for private agencies who receive these funds?

5. At its June 22 meeting, the State OVR Board voted to continue to provide support for single homemakers to enable them to remain in the community rather than face institutionalization. This commitment was limited in that it would cease when an Attendant Care Program was established in Pennsylvania. It was also made clear that many handicapped people would still qualify for rehabilitation services under the "homemaker" status if maintaining a family and depended upon to meet the family's needs. This job was considered a valid vocational goal.

We are concerned that this information be made clear to OVR staff and potential clients. Homemaker services have become a major issue and OVR policy on this has been misunderstood and caused a great deal of confusion.

6. The reports we have received on VR services for the blind and visually impaired as provided through the Bureau for Blind and Visual Services (BVS) have been quite negative. The primary cause seems to be the lack of sufficient personnel for job development and placement. For example, there is one individual assigned to carry out a large and complex job for the entire Philadelphia five-county area. Designating a single individual to perform this task in the most populated region in the Commonwealth is ridiculous and leads us to a major question regarding the blind, visually impaired and also the deaf and hearing impaired.

How will persons with these disabilities fare when the severely-handicapped are given preference? If so few staff are assigned to serve their needs now, what can be expected in the future?

RECOMMENDATIONS

In addition to the specific recommendations made elsewhere in this testimony we would like to make some suggestions of a more general nature.

(1) Given the cutbacks in federal funds for VR programs and the consequent need to make choices through an "order of selection" regarding which handicapped person will be served, PCCD strongly urges the Pennsylvania General Assembly to consider "earmarking" a specified amount of additional State monies to be used specifically for the provision of "cost services" to non-severely-handicapped clients.

This recommendation was made by the LB&FC which added that "priority emphasis be placed on non-severely-handicapped public assistance recipients" citing that this option may have a significant potential in terms of "return" or cost benefit to the Commonwealth.

While we recognize the additional financial benefits to be gained by serving public assistance recipients first and thereby reducing the number of people on the welfare rolls, PCCD would argue that significant enough benefits can be gained by rehabilitating any non-severely handicapped person, and that imposing another "order of selection" on a group of people who have already been selected out is too discriminating and poses an undue hardship on this group. Realizing a return of $10 for every $1 spent on vocational rehabilitation should be benefit enough for policy makers who know that they are morally right in providing such services.

(2) The State OVR Board adopted as one of its goals in August, 1981, efforts to decrease the number of clients in sheltered employment by developing a program of "alternative competitive placements". The goal was to reduce the number of "nonproductive" placements.

A special division was to be established to handle efforts to apply for Project with Industry (PWI) Grant funding to establish an employee consortium which would involve private sector employees in OVR efforts to further develop private sector employment opportunities for severely handicapped people.

We applaud this OVR effort. Many of the complaints we have heard about OVR's job placement efforts have revolved around their previous failure to develop fully the opportunities for competitive employment for handicapped people in the private sector. We urge OVR to continue full speed ahead in these efforts.

We would also like to recommend that OVR consider creating similar PWI's to serve the needs of the non-severely handicapped. Other funding solutions might be found to serve the educational and "cost services" needs of the non-severely handicapped within the 10 percent share of Job Partnership & Training Act (JPTA) monies designated for the handicapped community.

(3) Historically, Pennsylvania OVR had done little to serve the needs of the chronically mentally ill, a disability group which is the largest handicapped population served by the State agency. In the last 2-3 years, however, there has been a very definite reversal of this trend. Both OVR and the Pennsylvania Office of Mental Health (OMH) are putting a new emphasis on services to this population by developing and implementing local cooperative working agreements and program initiatives.

OVR has earmarked, as its share of the joint effort, approximately $500,000 to fund the expansion and improvement of services for mentally ill individuals. For its part OMH is pursuing efforts centered around technical assistance and training to acquaint the staff in both agencies with the newest techniques to use in vocational rehabilitation programs for persons with severe psychiatric disabilities. Again, innovative use of PWI's funding is being recommended.

PCCD feels that these efforts are long overdue, most necessary and should be encouraged. We recommend that in the words of one mental health advocate we spoke with "OVR should continue what they are now doing. This commitment to serving this population is refreshing and great success has already been observed in the cooperative program development efforts undertaken by the Tri-County Fountain Center and OVR".

(4) OVR has established as a priority the development of a continuum or "comprehensive services network" for the severely handicapped which has as its goal the attainment of independent community living and competitive employment. This network would consist of a variety of services including "personal care, social services, residential services, transportation, independent skills training, attendant care training and vocational services provided to severely physically handicapped persons over an extended period of time in the community". The ultimate goal is to promote personal independence through community living facilities and employment opportunities.

PCCD strongly endorses these efforts. It has been clear to us for many years that such a continuum or network is absolutely necessary to the total rehabilitation of severely handicapped individuals since it is very difficult to secure employment when one does not have the other support systems available.

It is our understanding that OVR is seeking state and federal funding for this effort. We recommend that these efforts continue to be pursued with as much speed and initiative as possible. We stand ready to assist in any way we can to make this goal a reality.

(5) A few years ago a Client Assistance Project (CAP) was established by OVR to fill the need for a mediator or ombudsman so many clients felt they needed to solve problems that arose between OVR staff and themselves. We recommend that this CAP be strengthened and that others be established in other parts of the state. Its worth has been proven and others must have access to local CAPS.

(6) Finally, we understand that OVR is undertaking an effort to serve as a catalyst in the development of a high technology computer training program in the Pittsburgh area. The goal is to duplicate a similar program which was begun at the University of Pennsylvania approximately six years ago and which has gained a national reputation due to its success in training, working with the local business community and finding jobs for so-called severely handicapped people. We use the term so-called here, to indicate that once one is properly trained, has found a job and is thereby able to live a more independent life in the community, the severity of the disability diminishes.

We can only recommend that the State agency continue the forward looking, innovative ideas outlined above. The kinds of programs and goals being pursued by OVR in the last 3 years are the very ones we all expected to see when our disabilities required that we seek the assistance of OVR. Too many of us were disappointed too many times. The door has now been opened and light has begun to shine from within. If proper in-house training and communication can be established, if further efforts to monitor and implement the changes in direction and the State Plan are made, and outreach and communication with the handicapped in Pennsylvania is continued, PCCD counsels you to give OVR a chance to make the system work for us.

I would like to thank the Chair and the committee again for the opportunity to share these views with you. I shall be happy to answer any questions you may have.

Mr. MURPHY. Thank you very much, Ms. Shapiro.

You had mentioned the staff persons and their ability to communicate with the handicapped and their ability to properly guide them. Is there a distinction there between the staff persons of the OVR and those of the centers, the rehabilitation centers, or does this apply across the board?

Ms. SHAPIRO. I think we have an attitudinal problem generally across the board. I think what disturbs many of us is that one would think when one is working in OVR as a counselor that we would not have these attitudinal problems. From what I have been hearing from other sources in terms of disabled consumers, as they are called, or people who are administering programs, is that many of the counselors do not have any idea of what the potential is in this day and age for severely disabled people, and that they are spoken down to.

Our own secretary has had a recent experience in this area, the whole issue of being spoken to as a child or spoken down to.

There are counselors out there who are doing an excellent job. But there are others who are really having problems dealing with the severely disabled people they are seeing now. We think it needs to be addressed in terms of training.

Mr. MURPHY. How about the personnel services in the rehabilitation centers? Do you get into that? Do you talk to some of the people who are being served there?

Ms. SHAPIRO. I definitely think they can be improved.

You get the whole hospital mind-set sometimes, you get the old school training, and I think there needs to be improvement there, too.

What we were talking about earlier in terms of networking, with the rehab centers working with the job placement people, working with private industry, with the independent living abilities and resources added to that, it has to be done in that fashion. Because that is not happening, you have these continuing attitudes in one segment of the service that the people are receiving, and it really hinders the whole thing.

Ms. **Schackelton**. It is the attitude that hurts the handicapped people most of all, Mr. Murphy, across the board. When you go into a restaurant, the person wheeling you is asked, "What does she want?" I didn't get this fat not being able to answer for myself.

Ms. **Shapiro**. One point I would like to make, if I may, Congressman Murphy, concerns situations such as in the Philadelphia five-county area which I come from. In the blind and visual services office that covers that five-county area, there is one person who has been assigned to job development for that entire region. That is absolutely ridiculous. Whether it is because of lack of funding or whatever, it is impossible to expect the job to be accomplished when you have one person working in that area.

So the counselors are having difficulty because of the cutbacks, and they don't have the clerical support. At the same time, they need additional training, and we need to see more counselors there.

Mr. **Murphy**. Mr. Goodling.

Mr. **Goodling**. I don't have any questions, Mr. Chairman. I have just two observations.

Ms. Schackelton, I agree with you that, in our society, those three illustrations that you gave, their needs should be met. I think I agree with the chairman that the unfunded part of the legislation should probably be funded—if we don't already have other programs on the books on the Federal level. We pass so much that we are never quite sure whether we aren't duplicating and whether those opportunities aren't already there. If they are not, then the unfunded part of this program should be funded.

I would agree that probably the part that is presently funded, there would be a question in the strict interpretation of whether their needs would be covered under this particular program.

To Ms. Shapiro, let me say that I spend hours and hours and hours listening to testimony. Chairman Perkins would have hearings 8 days a week if there were 8 days in the week. But not too often do we have an opportunity to have testimony such as yours. What I basically liked about your testimony was the fact that you said there were some things we are doing well, there are some things we are doing poorly, there are some things that should be changed, and here are some ways these things might be changed.

We have one organization particularly who, everytime they come, they put out their hand, and they say, "Give us more money and we will do the job." And I say, "More of the same?" So I do appreciate your kind of testimony.

I particularly liked your closing statement, because your emphasis was on working together to try to make sure that we even have a better program than we presently have. That is what we should all be trying to do, because it is people we are trying to serve. With the limited resources we have, we have to try to do the very best we possibly can.

So I want to thank both of you for testifying before the committee this morning.

Ms. **Schackelton**. Thank you.

Ms. **Shapiro**. Thank you.

Mr. **Murphy**. Thank you very much.

Ms. **Shapiro**. I would like to add one note. The numbering on our pages, page No. 10 is page 11, and page No. 11 is page 10, and I do apologize.

Mr. **Murphy**. I am glad you corrected that because I will be reading that tonight. Did you say page No. 10 should be 11?

Ms. **Shapiro**. That is right. And 11 should be 10.

Mr. **Murphy**. We should read them in reverse; is that right?

Ms. **Shapiro**. Yes, please.

Mr. **Murphy**. And page 11 will be No. 10. Fine.

Ms. **Shapiro**. Thank you.

Mr. **Murphy**. It might not have made much sense when I got to it. I see that.

Thank you very much, both of you.

Mr. Robert Nelkin, member, Pennsylvania Board of Vocational Rehabilitation, Pittsburgh, Pa., accompanied by Judy Barricella, director of Independent Living Center of Harmarville.

Mr. Nelkin, you may proceed.

STATEMENT OF ROBERT NELKIN, MEMBER, PENNSYLVANIA BOARD OF VOCATIONAL REHABILITATION, PITTSBURGH, PA., ACCOMPANIED BY JUDY BARRICELLA, DIRECTOR, INDEPENDENT LIVING CENTER, HARMARVILLE, PA.

Mr. **Nelkin**. Thank you, Chairman Murphy and Congressman Goodling, for this opportunity to speak to you about the improvements since 1979 in Pennsylvania's vocational rehabilitation program.

I speak as an individual member of the State board of vocational rehabilitation. Of course, the board speaks itself through its actions at duly constituted meetings.

I have been an advocate and administrator of services to persons with handicaps for 15 years. It was from that perspective during the 1970's that I learned of a major deficiency in BVR's operation: Denial of needed services to citizens with severe handicaps.

I saw the bureau deny needed services to many people who had the potential to do meaningful work. The rejection was almost always based on the severity of the individual's handicap. As a result, I think, many people languished when they could have flourished.

In November 1978, Governor-Elect Dick Thornburgh appointed the secretary of this department and me as the staff of the transition team for the department of labor and industry. I was included to look at the vocational rehabilitation program. Part of our task was to identify major problems and issues.

Without a doubt, the major problem that we identified at the beginning of the administration was that BVR was ignoring the national policy to provide needed services to persons with severe handicaps. I enumerated some of the other problems in the written testimony. I hope that you will get a chance to look at those.

In the relatively brief period of time since 1979, the State board of vocational rehabilitation, together with the Thornburgh administration and many others, have changed major aspects of the program which had been criticized by consumers, advocates, providers, and the executive and legislative branches of the Federal Government.

Some of those changes include:

One, acceptance and implementation of the national policy to include and provide needed services to persons with severe handicaps.

Two, a change in emphasis from quantity of cases to quality of rehabilitations.

Three, emphasis on employment or progress toward employment where employment could not be reached itself.

Four, decreasing the amount of money spent on employees' wages and benefits and increasing the amount of money spent on services for clients.

Five, refocusing the vocational service providers on employment of persons with severe handicaps through innovative methods.

Six, establishment of a consumer advisory committee and positive relationships with consumer organizations.

Seven, for the first time in memory, the development of a State plan which articulates OVR's directions, goals and methods. Significantly, the plan was derived from the recommendations of over 150 participants in the planning process who, themselves, were drawn from consumers, advocates, providers, OVR counselors, and administrators and, importantly, members of the business community as a broad-based planning group.

Eight, establishment of regular meetings and communication with leaders of the provider community.

Nine, the recruitment of an able leader and experienced public policymaker as OVR director.

Ten, a large reduction in the number of administrative employees.

Eleven, the elimination of a whole unnecessary level of bureaucracy which we had, and the expansion of the power of the district offices.

Twelve, the opening of all policymaking so that all parties may offer ideas and criticism.

Thirteen, the revitalization of the State board of vocational rehabilitation as the body empowered by State statute, "To administer, control, and supervise" the State program and to employ all OVR personnel.

While the changes to date have benefited OVR clients—and I have no doubt about that—there is much more to do. Some of the challenges and problems which I would like to point out to you include:

Implementation of the Pennsylvania initiatives which are included in our 3-year plan. They are going to require a lot of hard work and lots of time. While the board is often seen as being patient and demanding progress, I think that you will find that we all understand that the radical changes that are being made will take some time.

Innovation is the key to the grants program. The objective there is for us to get jobs for persons with severe handicaps. Many of our historic methods of rehabilitation, such as sheltered workshops, have so often failed. One of the things I think the board is depending on as a result of the grants program is some innovation, some methods to rehabilitate persons with severe handicaps, and we are going to have a greater success record.

As OVR redirects its resources toward employment and away from the fabricated homemaker closures, where homemaker status is not the genuine gainful employment being sought, OVR has developed two problems. One is how are we going to stop the fabrication of the homemaker closures for statistic building? Two, who will provide the needed services to these individuals who formerly have been included under the homemaker category?

The answer to the first question, I believe the board feels, is an administrative one, and we have turned to OVR Director Lowe and asked him to work on that. The answer to the second one is still being debated by the State board. At our last meeting on June 22, the State board reaffirmed its broad interpretation of who may be considered a homemaker. The long-range solution is obviously the establishment of an independent living services program in Pennsylvania.

I know that this subcommittee has worked long and hard to persuade the leaders of the House of Representatives to fund comprehensive independent living services. Until you are successful, though, the law which authorized, but did not fund, independent living is a cruel hoax on American citizens with handicapping conditions. On two occasions in the last year, the State board has voted unanimously to request and encourage both you in Congress and the Pennsylvania Legislature to establish and fund services which, in the end, will make Pennsylvanians with handicaps less dependent on government and, thus, less dependent on the taxpayer.

I know that when a person takes a small step toward independence, that greater independence, perhaps even gainful employment, follows. To this end, I invite your subcommittee to come back to Pennsylvania and to hear directly from citizens who have severe handicaps of their desperate need for services to help them gain independence.

Throughout this State, Pennsylvanians have begun to mobilize a major effort for the establishment of attendant care and other services which will help them live and work more independently. This quickly growing drive has inspired me. I hope it will inspire you and other legislators on both levels.

Finally, as you consider the meaning of today's testimony, consider the refreshing way that Pennsylvania's vocational rehabilitation program is now operating. We have the keen interest and involvement of consumers and advocates, providers and OVR employees. We have the thorough oversight of the Pennsylvania Legislature, the Federal rehabilitation agency, and now Congress. We have the special interest and encouragement of Gov. Dick Thornburgh. And most of all, I would like you to consider the independence, openness, and initiative of the State board of vocational rehabilitation.

A look at the Governor's appointments to the State board will give you an idea of the board's character.

One board member is a former president of the National Association for Retarded Citizens, an international leader in that field and the parent of an OVR consumer.

Another is a distinguished leader of Pennsylvania's mental health and mental retardation community, a former president of the Allegheny County Mental Health and Mental Retardation Board, and other agency boards, and a parent of a daughter who is handicapped.

A third board member is an individual with severe handicaps who personally knows the need for excellent services.

A fourth board member is a professor of special education who has a Ph.D. in counseling, and was one of the leaders in the movement to obtain free public education in Pennsylvania for all students with severe handicaps.

I am the fifth appointee, and I consider myself a thoroughly dedicated advocate.

In total, the State board of vocational rehabilitation has taken and accepted its statute-based mandate very seriously. The State board has painstakingly made each and every one of these very difficult policy decisions which you are reviewing today.

We welcome your interest in the Pennsylvania vocational rehabilitation program.

[Prepared statement of Robert Nelkin follows:]

PREPARED STATEMENT OF ROBERT NELKIN, STATE BOARD MEMBER, OFFICE OF VOCATIONAL REHABILITATION

Thank you Chairman Murphy and fellow Congressmen for this opportunity to speak with you about the improvements since 1979 in Pennsylvania's Vocational Rehabilitation Program.

I speak as an individual member of the State Board of Vocational Rehabilitation. Of course, the Board speaks through its actions at duly constituted meetings.

I have been an advocate and administrator of services to persons with handicaps for 15 years. From this perspective during the 1970's, I learned of BVR's major deficiency: Denial of needed services to citizens with severe handicaps.

I saw the Bureau deny needed services to many people who had the potential to do meaningful work. Their rejection was almost always based on the severity of the individual's handicap. As a result, many languished when they could have flourished.

In November 1978, Governor-Elect Dick Thornburgh appointed Barry Stern (now Secretary Stern and Chairman of the State Board) and me as the staff of the Transition Team for the Department of Labor and Industry. I was included to look at the Vocational Rehabilitation Program. Part of our task was to identify major issues.

Back then, the Bureau of Vocational Rehabilitation was:

(1) Ignoring the national policy to provide needed services to persons with severe handicaps.

(2) The Bureau was obsessed with the goal of having the most closures in the nation. This often led to quick and single service closures rather than vocational rehabilitation.

(3) Many of the BVR clients were neither employed nor prepared for employment.

(4) The Bureau was spending rapidly increasing amounts of its funds on employees and rapidly decreasing amounts of its funds on its clients.

(5) BVR had not re-focused vocational rehabilitation providers on service to persons with severe handicaps.

(6) The Bureau had little if any input and little if any respect from consumer organizations.

(7) Similarly, BVR had little if any input and little if any respect from providers of vocational services.

(8) The Bureau had no publicly distributed plan to describe the direction, goals, and methods it intended to follow.

(9) BVR was suffering from: (a) Weak and ill-respected leadership; (b) An excess of administrative staff; (c) A confusing and inefficient three-level bureaucracy; (d) An undemocratic decision-making apparatus, where decisions were made by the Bureau Director without the ideas and criticism of all concerned with the program; and (e) an inactive Board often criticized as a rubber stamp.

In the relatively brief period of time since 1979, the State Board of Vocational Rehabilitation, together with the Thornburgh Administration, have changed major aspects of the program which had been criticized by consumers, advocates, providers, and the Executive and Legislative branches of the Federal Government. Those changes include:

(1) Acceptance and implementation of the national policy to include and provide needed services to persons with severe handicaps.

(2) A change in emphasis from quantity of cases to quality of rehabilitations.

(3) Emphasis on employment or progress toward employment.

(4) Decreasing the amount of money spent on employes' wages and benefits and increasing the amount of money spent on services for clients.

(5) Re-focusing the vocational services providers on employment of persons with severe handicaps through innovative methods.

(6) Establishment of a consumer advisory committee and positive relationships with consumer organizations.

(7) For the first time in memory, the development of a State Plan which articulates OVR directions, goals, and methods. (Significantly the Plan was derived from the recommendations of over 150 participants drawn from consumers, advocates, providers, OVR counselors and administrators, and importantly, members of the business community).

(8) Establishment of regular meetings and communication with leaders of the provider community.

(9) The recruitment of an able leader and experienced public policy maker as OVR Director.

(10) A large reduction in the number of administrative employes.

(11) The elimination of a whole unnecessary layer of bureaucracy and expansion of the power of the District Offices.

(12) The opening of all policymaking so that all parties may offer ideas and criticism.

(13) And, the revitalization of the State Board of Vocational Rehabilitation as the body empowered by state statute, "To administer, control, and supervise" the state program and "employ" all OVR personnel.

While the changes to date have benefited OVR clients, there is much more to do. Some of the challenges ahead include:

Implementation of the Pennsylvania initiatives will require hard work and lots of time. The State Board constantly questions Mr. Lowe and staff on our progress toward approved objectives. While we may be seen as hard to please or impatient, the members seem to recognize the signficant nature of pending changes in the system. Considerable time may be needed for certain accomplishments.

Innovation is the key to our grants program. The objective is jobs for persons with severe handicaps. Many of the historic programs of rehabilitation (such as sheltered workshops) have often failed to result in jobs for persons with severe handicaps. Creativity is needed.

As OVR redirects its resources toward employment and away from fabricated "homemaker" closures where homemaker status is not the genuine gainful employment being sought, OVR has two problems. One, how does OVR stop the abuse of fabricated "homemakers" for statistic building? Two, who will provide the services needed by genuine homemakers if OVR does not provide them.

The answer to the first question is an administrative one left to the OVR Executive Director. The answer to the second question is still being debated by the State Board. At our last meeting on June 22, the State Board reaffirmed its broad interpretation of who may be considered a homemaker. The long range solution is obviously the establishment of independent living services.

I know that this Subcommittee has worked long and hard to persuade leaders in the House of Representatives to fund Comprehensive Independent Living Services. Until you are successful, the Law which authorized but did not fund Independent Living is a cruel hoax on American citizens with handicapping conditions. On two occasions in the last year, the State Board has voted unanimously to request and encourage both Congress and the Pennsylvania Legislature to establish and fund services which in the end will make Pennsylvanians with handicaps less dependent on Government and thus, less dependent on the taxpayer.

I know that when a person takes a small step toward independence that greater independence, maybe even gainful employment, follows. To this end, I invite your Subcommittee to come back to Pennsylvania and hear directly from citizens with severe handicaps of their desperate need for services to help them gain independence.

Throughout this state, Pennsylvanians have begun to mobilize a major effort for the establishment of attendant care and other services which will help them live and work more independently. This quickly growing drive has inspired me. I hope it will inspire our Legislators to action.

As you consider the meaning of today's testimony, consider the refreshing way that Pennsylvania's Vocational Rehabilitation Program is now operating. We have the keen interest and involvement of consumers and advocates, providers, and OVR employes. We have the thorough oversight of the Pennsylvania Legislature, the Federal rehabilitation agency, and now Congress. We have the special interest and encouragement of Governor Thornburgh. And most of all, consider the independence, openness, and initiative of the State Board.

A look at the Governor's appointments to the State Board will give you a good idea of the Board's character.

One Board member is a former President of the National Association for Retarded Citizens, an international leader in that field and the parent of an OVR consumer.

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A fourth Board member is a professor of special education who has a Ph.D. in counseling and was one of the leaders in the movement to obtain free public education in Pennsylvania for all students with severe handicaps.

I am the fifth appointee and a thoroughly dedicated advocate for persons with handicaps.

In total, the State Board of Vocational Rehabilitation has taken its statute-based mandate seriously. The State Board has painstakingly made all the very difficult policy decisions which you are reviewing today.

Your interest in the Pennsylvania Vocational Rehabilitation Program is welcomed.

Mr. MURPHY. Thank you, Mr. Nelkin.

How long do you anticipate Pennsylvania will continue to need some form of order of selection of services?

Mr. NELKIN. We have not made a specific projection on that. I believe, into the foreseeable future—we have just adopted a 3-year plan—unless there was additional funding or a decrease in the need for services for the severely handicapped.

Mr. MURPHY. Were you on the board with the implementation of the order of selection in 1980-81?

Mr. NELKIN. Yes, I was.

Mr. MURPHY. Are you satisfied with the action that was taken by the board, it was necessary and proper?

Mr. NELKIN. Yes. We had a critical choice to make. That was whether we could in Pennsylvania, for the first time in a long time, begin to serve severely handicapped people or whether we would continue to exclude them. And the order of selection permitted us to serve those individuals.

We also are interested in serving persons who are not severely handicapped, and we have recently expanded the order of selection to include cost services to them.

I think we will take a continual look at every board meeting, which is about every 2 months, as to whether we have the funds and whether we can broaden the application of funds for cost services.

Mr. MURPHY. Are you satisfied with the explanation that Mr. Lowe gave of the current uses of the money? I was told, there was a $5.5 million surplus earlier this year.

Mr. Nelkin. First of all, I wouldn't call it a surplus. It was money that the district offices said that they could not use on case service at that time.

Mr. Murphy. They could not use or were not permitted to use?

Mr. Nelkin. My understanding is that they could not use.

The board had always said since the beginning of the year that we would set aside some money for both network grants and discretionary grants. The amount that we looked at in April, at our April board meeting, was, in fact, larger than we had anticipated spending on grants. I understand that that was money that, at that point in time, was not going to be spent at the district office.

Mr. Murphy. Mr. Goodling.

Mr. Goodling. I assume, to complete that statement, you are saying that, under the new guideline they are working under, serving the severely handicapped.

Mr. Nelkin. That is right.

Mr. Goodling. I have just one question. Could you expand on your third paragraph on your first page, "I have been an advocate and administrator of services to persons with handicaps for 15 years"?

Mr. Nelkin. At this point, I am a consultant, particularly in the field of services to mentally retarded people. I recently completed 4 years with Federal Judge Raymond Broderick overseeing the State and counties in the Pennhurst case providing a right to community services for the mentally retarded. Prior to that, I worked briefly in the administration, and for 10 years with the Association of Retarded Citizens as an advocate and director of the Pittsburgh Chapter.

Mr. Goodling. Thank you. I have no other questions.

Mr. Murphy. Thank you.

Representative Cohen.

Mr. Cohen. Thank you, Congressman.

Michael Freeman said earlier today that there were no non-severely handicapped clients whatsoever funded in fiscal year 1982. Could you comment on that?

Mr. Nelkin. First of all, it is not true that people weren't served. People, of course, received noncost services. My understanding is that—I am not sure about 1982. In 1983, we have expanded it to include nonseverely handicapped people.

Mr. Latz. In 1982, we did provide cost services for nonseverely handicapped persons. In 1983, the priority was expanded to include cost services for some nonseverely handicapped people in great need, which consisted of economically disadvantaged and those who were on welfare.

Mr. Nelkin. Representative Cohen, that is part of our continual review. We will, if we can, purchase services for all handicapped persons.

Mr. Cohen. Thank you.

Mr. Murphy. Thank you.

Mr. Nelkin. I would like to introduce briefly to you Judy Baricella, who is director of the Three Rivers Center for Independent Living in Pittsburgh.

I asked her to speak to the independent living issue and the need in Pennsylvania, if you have any questions for her on that.

Ms. **Barricella**. I would just like to echo a lot of what Sigi Shapiro said on this issue.

Mr. **Murphy**. Would you explain to us how you perceive the difference in the community-living aspect and the independent-living?

Ms. **Barricella**. Independent living programs are, as you know, nationwide programs that provide support to people with severe disabilities in order to enable them to live in the community. We don't necessarily provide housing for people, although some do—not in this State necessarily, but some do.

But we are there to provide a support system for people, to provide those services that people need in order to maintain their independence in the community or to come out of an institution and move into the community. That is the difference between independent living and community living services.

The legislation in the 1973 Rehabilitation Act for independent living, I think, is extremely important. I think if we had some of this legislation, it would solve some of the problems we are now hearing about in terms of the homemakers and the closures in OVR. I think some of these people are the same people who contact us daily. They are asking for what supports are available. They are asking how they can get a wheelchair, how do they get this because they have to stay at home.

One of the other things that independent living has allowed us to do is to take a new look at people who are severely disabled; whereas, before, a lot of people were just told, "I'm sorry, you are not employable." Nowadays, with support services available, with new technology, we are finding that people who are severely disabled can be employed. It takes a lot more support. It takes a lot more services. It takes a lot more creativity. But it is possible.

So I support any attempts to get severely disabled people back to work, and to work in the first place.

Mr. **Murphy**. Thank you very much.

Did you have any questions?

Mr. **Goodling**. No, I have no questions.

Mr. **Murphy**. Thank you very much. I appreciate the testimony of both of you.

We do have a few minutes remaining. Mr. Lowe has consented to remain with us. George, will you retake the hot seat?

I would like my colleagues in the State legislature to have an opportunity to ask any questions they might have of Mr. Lowe. In the remaining 15 minutes we have, I am sure we can well utilize it with discussion with you.

Which one of you gentlemen would like to start? Go ahead, Mark.

Mr. **Cohen**. Thank you, Congressman.

I think it is very good that you brought this opportunity to us. We certainly, at least in the House Labor Relations Committee, have not had the time in this session so far to look into the Bureau of Vocational Rehabilitation.

In the State of Pennsylvania, as we all know, is massive unemployment, and people who don't have any handicaps have great difficulties in finding jobs. I am somewhat disturbed, as I gather are some of the Congressmen, as to the policy of giving no funds or very reduced funds to those who are homemakers.

It seems to me that when people who have no handicaps at all are having extreme difficulties, it would seem to me that these people who you are serving would have great difficulties in getting jobs. I question whether it is a realistic goal to have large numbers of these people employed. I am disturbed. It would seem to me that it is inevitable that large numbers of these people are not going to be able to find work and saying that, because they cannot be expected to find work, they cannot get these services, seems to me to be unfortunate.

Mr. **Lowe**. Representative Cohen, are you talking about homemakers? Who are these people you are referring to?

Mr. **Cohen**. I am talking about homemakers.

Mr. **Lowe**. Why do you believe that we are not serving homemakers? One in every four closures, rehabs that the agency has had this year, is a homemaker.

Mr. **Cohen**. How is that compared to past years?

Mr. **Lowe**. It is less, but it is higher than any other State in the country.

But let's get something straight about homemakers. We do not exclude homemakers service. We don't exclude any group from services. The process you go through when you get into the voc-rehab system, it is an individualized process. You see and look at people as individuals. We diagnose them. We give them an evaluation. They use a vocational assessment.

Now, once they are eligible, we begin to build an individualized work plan for them. At that point, we apply our order of selection. If we have a severely handicapped person whose vocational goal—let's call it that—is homemaker, that person is eligible for the full range of services.

This nonsense that we are not buying wheelchairs and not buying prostheses for anybody or a homemaker is just that—nonsense.

Mr. **Cohen**. Have you cut back considerably on the number of wheelchairs, prosthetics, and other services for homemakers?

Mr. **Lowe**. Thirty-three percent, for example, of the closures in our Pittsburgh office are homemakers; almost 25 percent statewide are homemakers. We do not cut back on services for people who are eligible to receive services. They get the full range of services.

Mr. **Cohen**. Can you explain why the number of people applying for your services has dropped drastically over the last couple of years?

Mr. **Lowe**. Well, I think that has a number of explanations. One is that we have taken the agency out of the numbers game. We are not any longer driven by numbers.

Second, last June and August, we had a furlough. That was a major piece of surgery and recovery for any agency to absorb. This year, our numbers are coming back again, but not driven by the psychology of numbers. But they are coming back again. They are coming back in referrals, they are coming back in acceptances, they are coming back in rehabs as well.

We bombed out last year. Last year was a bad year in terms of all the things that have happened to the agency in order to bring it to the place where we think it ought to be under the direction of the State board, which you heard earlier.

As to whether or not people can find jobs in this economy, tough as it is, I would only point out to you that, for whatever good reason, we have been successful in placing a higher percentage of severely handicapped people into competitive employment than we ever have before.

Mr. COHEN. How many people have you placed in jobs?

Mr. LOWE. I don't have that.

Mr. LATZ. In what years?

Mr. COHEN. The latest year for which you have statistics available.

Mr. LATZ. In 1982, there were 14,431 rehabilitations. Of those, there were approximately 11,200 competitively placed. The others were homemakers, self-employed, family workers, et cetera.

Mr. COHEN. Of these 11,200 who were competitively placed in 1982, how many of these jobs were full-time jobs?

Mr. LATZ. The substantial portion of them were full-time jobs. I don't have that figure before me. I would say that, far and away, the majority of them.

Mr. COHEN. Sixty percent?

Mr. LOWE. Ninety-five.

Mr. COHEN. Ninety-five percent?

Mr. LATZ. Ninety.

Mr. COHEN. OK. And what was the average salary of these people?

Mr. LOWE. The average salary has increased. Of course, with inflation and everything else, salaries do increase.

We do have a figure that we will be glad to supply you.

But the average weekly wage earned by people placed in competitive employment in the program last year was higher than in any other year in the past. We have that figure. We don't have it with us. We will be glad to supply you with it.

Mr. COHEN. One problem with all targeted jobs programs is that there is always the question of how many of these are new jobs and how many of these are just jobs that somebody else would have gotten otherwise.

Have you done any evaluation into seeing how many of these are new jobs that people otherwise would not have been working in?

Mr. LOWE. No; but I would only say that what the handicapped community wants and what we want also is their fair share, whether they are new or old jobs.

Mr. COHEN. The question of how much extra tax revenues are generated if, say, 100 percent of these jobs would have otherwise been filled, there would be no additional tax revenues generated for this Commonwealth or to the Federal Government. If none of these jobs would have been filled, on the other hand, there would be tremendous additional tax revenues generated.

So, I think, when you use the we-are-generating-tax-revenues argument, it becomes important to know whether or not, in fact, we are generating tax revenues.

Mr. LOWE. That is not the argument we are using.

The argument we are using is that handicapped people need to be in the mainstream of life, and one of the fundamentals of being in the mainstream of life is work and career. That is what we are building. We come later with the business of taxpaying and all of that. The first important thing is to put people to work who have been isolated in various ways, dehumanized in various ways, for a number of years. That is our first priority.

I would be almost cavalier about this. We will worry about the tax business later. First, we want them in the mainstream.

Mr. LATZ. If we can go back to your question of income at closure. In Pennsylvania, in 1981, before rehabilitation—and this is according to the Legislative Budget and Finance Committee report—before rehabilitation, the average earnings of rehabilitants was $23.50 a week; after rehabilitation, it was $103 a week.

Mr. COHEN. So, these are not full-time jobs then, because of the minimum wage. At 40 hours a week, it would exceed a $103 a week.

Mr. LATZ. In those 14,431 closures that I gave you, it includes homemaker cases as well as sheltered workshop places. Now, for homemaker cases, there is no income probably, and for sheltered employment placements, the income may be as little as one-half the minimum wage.

Mr. LOWE. Let me say this: We have the figure for people placed in competitive employment. We don't have it here, but we will give it to you. And it isn't $100 a week. That was an average in terms of all of the moneys earned by all rehabilitants.

I point out to you, for example, at the University of Pennsylvania program on high technology, there is a 95-percent placement out of that program, and the lowest starting salary for those folks who graduate from that program who are severely physically handicapped is $18,000 a year.

Mr. COHEN. That is very good.

Mr. LOWE. That is not bad to start with.

Mr. COHEN. I have no further questions, Congressman. Thank you.

Mr. MURPHY. Thank you.

Bob, do you have any questions?

Mr. BELFONTE. Thank you, Congressman.

Can you perhaps comment to Mr. Freeman's testimony regarding the number of individuals who applied for the program, comparing 1979 with 58,000 applicants to 1982 with 29,000 applicants?

Mr. LOWE. Yes.

Mr. BELFONTE. What accounts for that?

Mr. LOWE. What accounts for it is what I said earlier to Representative Cohen. There were referred to the agency in 1979—58,000, and referred to the agency in 1982—29,070. 1982 was a year in which we had furloughs in June and August, and in which we also took the agency out of the numbers game, and in which we began to replace numerical goals with quality goals. There is a natural drop there.

But I point out to you that, in 1983, it looks very much like we are going to have 34,000. We are coming up again. In other words, what I said to Representative Cohen, I say to you also, we bottomed out in 1982.

Mr. BELFONTE. So things will swing up.

Mr. LOWE. They are already swinging up.

Mr. BELFONTE. The disparity in those two figures is why I asked the question, not that I didn't feel that you answered Representative Cohen's question previously. I just felt that, even with your explanation, it seemed like a significant difference.

Mr. LOWE. It is a significant difference, and it would be a very serious matter if we didn't see a significant change. But we see that now.

For example, there has been talk today about allegedly a surplus of $5 million we had. We still aren't sure about how much money we have to invest in the grant program because we have district offices still asking for more money. We are going to reach this year in case service dollars in the 15 district offices $18 million. We haven't been there since 1979.

I am trying to give you some notion that we are now beginning to spend, for severely handicapped and down the order of selection, considerable amounts of money for clients. So, we are really climbing now.

Mr. BELFONTE. By September 30 you will expend any Federal moneys that are being channeled into the program?

Mr. LOWE. Yes.

Mr. BELFONTE. Will there be a surplus at that time, or do you expect that all moneys will be spent?

Mr. LOWE. I expect that all moneys will be spent.

Mr. BELFONTE. I have no further questions.

Mr. MURPHY. Thank you, Bob.

I have one final question, Mr. Lowe. What is the PDCC, and what part did it take in changing the selection process of 1980-81?

Mr. LOWE. That is—sometimes I get my letters mixed up, Mr. Chairman.

Mr. MURPHY. I do, too.

Mr. LOWE. That is the advisory committee to the State board of vocational rehabilitation. It is composed of a third consumers, a third advocates, and a third service providers. And they are advisors to the State board of vocational rehabilitation.

Mr. MURPHY. Is that set up by State statute, the composition of that?

Mr. LOWE. That committee is set up by the board, the board——

Mr. MURPHY. By the State board?

Mr. LOWE. By the State board. And its composition is selected by the State board. Let me put it in a larger way. It was, before I arrived in Pennsylvania, the State agency's choice of how—one choice—of how to get consumer input into the program at the very level where policy decisions are made. That is at the State board.

Mr. MURPHY. Do you have handicapped individuals serving on that committee?

Mr. LOWE. Most of the people on that advisory committee are handicapped.

Mr. MURPHY. Are they a continuing advisory board, or were they just functioning for the 1980-81 change?

Mr. LOWE. They are a continuing advisory board.

Mr. MURPHY. Do they have an actual policy-setting function, or do they merely advise the board?

Mr. LOWE. They have no policy-setting function; they are merely an advisory board.

I mention to you that, additionally, there is another advisory board, and that is an advisory board for the deaf that is attached to the board. It serves the same function as the—I get my letters mixed up again—but of the other advisory board.

Mr. MURPHY. You do have, then a third of the board that is comprised of persons representing the private or nonprofit provider services, the facilities?

Mr. LOWE. Correct.

Mr. MURPHY. Do you find any conflict in their relationship with attempting to serve the interests of their facilities as distinguished from serving the interests of the handicapped?

Mr. LOWE. Most of the representatives—I think I am right about this—I think all of the third of the members who represent private agencies are handicapped themselves. We find no advocacy, parochial advocacy, among those folks for their agency. The board's judgment was that it should just as well hear from that segment of the constituency that is involved in what we do as it did from any other.

Similarly, when we did the plan—there is an allegation in Mr. Freeman's testimony that private agency people who sat and worked on the plan with other constituencies, in some way, dictated how money was going to be spent. That is absolutely false. They contributed their ideas and their recommendations to the planning effort just as consumers did, and just as employers did, and just as our own agency and other State human service agency personnel did.

It is a difference, Mr. Chairman, between receiving advice, information, recommendations from various publics that are affected by what you do, and having dictated policy that you have to implement.

Mr. MURPHY. I have one final question. Have you done anything to implement the recommendations submitted to you by the Legislative Budget and Finance Committee of the General Assembly?

Mr. LOWE. We are in the process of dealing with all five of those items, yes.

Mr. MURPHY. When did that report come out, how long ago?

Mr. LATZ. January 1983.

Mr. MURPHY. This year?

Mr. LATZ. Yes, sir.

Mr. MURPHY. Do you need any legislative changes or are you able to implement those recommendations, or do you choose to implement on a policy basis?

Mr. LOWE. We can do it on a policy basis. We are in the process of working on all five of them.

Mr. MURPHY. You will let, I presume, the general assembly know when you implement what portions of it you choose to?

Mr. LOWE. For Chairman Bell and the Chief of Staff, Mr. Dario, yes.

Mr. MURPHY. Thank you.

Mr. Goodling, do you have any questions?

Mr. GOODLING. No, thank you, Mr. Chairman.

Mr. MURPHY. Thank you very much, Mr. Lowe.

It is shortly after 12 o'clock. We will be leaving, but there is one person, I understand, who did want to say a few words to us. That is Mr. Lee Lacey of the Harmarville Rehabilitation Center.

Mr. Lacey, can you summarize your comments in a few minutes? Our official reporter absolutely has a plane to catch and must get out of here by 12:15.

STATEMENT OF LEE LACEY, PRESIDENT, HARMARVILLE REHABILITATION CENTER, INC., PITTSBURGH, PA.

Mr. LACEY. Thank you, Congressman Murphy.

I represent the Pennsylvania Association of Rehabilitation Facilities. It is a primary membership organization of medical, vocational, and community residential rehabilitation facilities in the Commonwealth. Our membership includes over 55 community-based facilities who provided a variety of services to approximately 15,000 disabled citizens in fiscal year 1982.

During the past 14 years, our association has at times been an outspoken critic and firm supporter of the policies and directions of the State office of vocational rehabilitation. In 1980, for example, members of our association strongly criticized the then Bureau of Vocational Rehabilitation for its failure to serve the increasing numbers of severely handicapped persons being placed in the community, and offered specific recommendations to resolve this problem. Since 1980, we have witnessed and supported the almost total redirection of Pennsylvania's vocational rehabilitation program to one with a focus of priority services to the severely handicapped.

As a result of this redirection, today in Pennsylvania more severely handicapped persons are being served, increased amounts of case service dollars are available to purchase the specialized services required to meet the needs of these severely handicapped people, and for the first time planning and networking of services are being encouraged to achieve programmatic and cost efficiencies.

These accomplishments are a direct result of the commitment of this administration, OVR staff, consumers, providers, and other concerned individuals to insuring this population is served. All of these groups deserve public commendation for dedicated efforts in this area.

Concern has been expressed regarding the appropriateness of the redirection of some of OVR's policies. Our association wishes to express publicly that we fully support this redirection and applaud OVR's efforts to create a service delivery system that is visible in its local area, openly encourages consumer participation, and actively builds and strengthens a local network of services and employment opportunities for severely handicapped individuals.

I happen to be a member of one of the advisory groups that worked on the State plan. It was my privilege to hear reports and recommendations from all of the subcommittees that were provided. One of the things that I—and I think you, too, gentlemen—would be extremely impressed by was the amount of interest that was shown by the local business people who were invited and actively served. They were of high level and in large, influential corporations, including Westinghouse, as I remember, and one of the large banks in Pittsburgh.

But I think that we are not proud of the fact that several people lost their jobs in OVR during the reduction in force. Nobody is happy about anybody losing their jobs. I am one of them, because occasionally I have to release people in my position. It is the hardest part of my job. We are not proud of that.

But we are proud of the job that the agency and the people who are still employed in the agency are doing to turn the agency around to make it of viable service to the disabled people, albeit particularly to severely handicapped.

I guess we have to ask ourselves that, if OVR isn't able to serve them, who will? Otherwise, they are going to be on welfare, and everybody is very, very unhappy about the cost of welfare these days.

So, Representative Murphy, we applaud what has been done. We regret the loss of positions. Many of the fine people who had positions with the bureau could, and probably have, secured other employment.

Thank you very much.

[Prepared statement of Lee Lacey follows:]

PREPARED STATEMENT OF LEE LACEY, PRESIDENT, HARMARVILLE REHABILITATION CENTER, INC., PITTSBURGH, PA., ON BEHALF OF PENNSYLVANIA ASSOCIATION OF REHABILITATION FACILITIES, INC.

Mr. Chairman, good morning. I am Lee Lacey, President of Harmarville Rehabilitation Center of Pittsburgh, Pennsylvania, and I am appearing before this committee today as President of the Pennsylvania Association of Rehabilitation Facilities (PARF).

PARF is the primary membership organization of medical, vocational, and community residential rehabilitation facilities in the Commonwealth. Our membership includes over 55 community-based facilities who provided a variety of services to approximately 15,000 disabled citizens in fiscal year 1981-82.

During the past 14 years, our Association has at times been an outspoken critic and firm supporter of the policies and directions of the State Office of Vocational Rehabilitation (OVR). In 1980, for example, members of our Association strongly criticized the then Bureau of Vocational Rehabilitation for its failures to serve the increasing numbers of severely handicapped persons being placed in the community and offered specific recommendations to resolve this problem. Since 1980, we have witnessed and supported the almost total redirection of Pennsylvania's Vocational Rehabilitation program to one with a focus on priority services to the severely handicapped.

As a result of this redirection, today, in Pennsylvania, more servely handicapped persons are being served, increased amounts of case service dollars are available to purchase the specialized services required to meet the needs of these severely handicapped individuals, and for the first time, planning and the networking of services are being encouraged to achieve programmatic and cost efficiencies. These accomplishments are a direct result of the commitment of this Administration, OVR, staff, consumers, providers, and other concerned individuals to ensuring this population is served. All these groups deserve public commendation for their dedicated efforts in this area.

Concern has been expressed regarding the appropriateness of the redirection of some of OVR's policies. Our Association wishes to state publicly that we fully support this redirection and applaud OVR's efforts to create a service delivery system that is visible in its local area, openly encourages consumer participation and actively builds and strengthens a local network of services and employment opportunities for severely handicapped individuals. I would, at this time, like to briefly share with the committee my perspective on some of the concerns which have been raised:

PROVISION OF SERVICES ON A PRIORITY BASIS FOR THE SEVERELY HANDICAPPED

OVR's goal to seek out and serve the severely handicapped on a priority "order of selection" basis is a logical and responsible approach to service delivery in an era of limited resources. This goal is consistent with the federal mandate that services are to be provided to the most severely handicapped as a priority and reflects current practice in at least 33 other states. In the past, the severely handicapped population in Pennsylvania was largely ignored. Although they were the most in need, they were also the most difficult and costly to serve. Today, our limited resources are carefully being directed to identifying, seeking out, and serving this most-in-need group. We must emphasize that OVR, in addition to this activity, continues to provide "no-cost" services (counseling, guidance, and placement services) to the non-severely handicapped.

THE BALANCING OF OVR ADMINISTRATIVE AND CASE SERVICE EXPENDITURES

During the decade of the seventies, there had been a significant increase in the percentage total of funds expended by OVR for administrative/salary costs in comparison with dollars spent on case services (services to individuals). In 1970, 31 percent of OVR funds was spent for administration/salaries, whereas 69 percent was spent on case services. In 1981, this situation was almost reversed where 58 percent of VR funds went for administrative/salary costs, and only 42 percent was spent on case service dollars. As administrative costs rose, less and less dollars were available to directly serve the handicapped in the community.

OVR has undertaken action to turn this trend around and has, we understand, achieved a 50-50 balance between administrative and case service costs. This action was necessary, and perhaps inevitable, given the general fiscal constraints within which the VR program must operate and represents a sound management decision needed to ensure the Office can fulfill its basic mission.

EXPANDING THE LOCAL NETWORK OF SERVICES

The Commonwealth has an established system of community-based programs, which are subject to state legislature, and many of which are also accredited by national organizations. The development of these agencies was promoted by the federal government, state agencies including OVR, and the courts as a viable means of serving the handicapped in the least restrictive environment, as close to home as possible. These community-based agencies are integral partners in the Commonwealth's service delivery system and they have repeatedly demonstrated their ability to provide high quality, cost-effective services for the handicapped.

However, while a quality system of services exists in Pennsylvania, additional innovative and specialized services designed to meet the complex needs of the severely handicapped are required.

In response to this need, OVR has taken the lead on the state and local levels, to coordinate planning for the development and delivery of these services. In addition, OVR has targeted funds for the service development through special grant initiatives. It must be clarified that these grants are not "give-aways," but are being solicited by OVR to meet specifically identified local service needs. In addition, grant proposals are subject to a rigorous review and approval process on both the District and Central Office level. These actions by OVR are designed to achieve economies and efficiencies in the delivery of required services.

PARF believes that the Pennsylvania Office of Vocational Rehabilitation has made great strides toward developing a model of an efficient and cost-effective state vocational rehabilitation program. We hope that the Office will not be diverted from its present course of action and that it will receive the support of this committee.

I would be pleased to answer any questions.

Mr. MURPHY. May I ask you what is your percentage of administrative cost in your total budget as distinguished from delivery of services or prostheses or therapy, et cetera?

Mr. LACEY. From time to time, we have applied for and received grants from various Federal agencies. I think our calculation is between 30 and 40 percent.

Mr. MURPHY. You are 30 to 40 percent of what, administrative costs?

Mr. LACEY. Yes, sir.

Mr. MURPHY. And you are saying that the other 60 to 70 percent is delivery of services?

Mr. LACEY. That is correct.

Mr. MURPHY. Mr. Goodling.

Mr. GOODLING. I have no questions, Mr. Chairman.

Mr. MURPHY. The gentlemen of the State legislature?

Mr. **Cohen**. I have no questions, Mr. Chairman.

Mr. **Belfonte**. No questions.

Mr. **Murphy**. Thank you very much, Mr. Lacey.

We do appreciate the participation of everyone present. Thank you very much.

The hearing is adjourned.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUPPLEMENTAL TESTIMONY ON THE PENNSYLVANIA VOCATIONAL REHABILITATION SYSTEM, PRESENTED BY THE PENNSYLVANIA ASSOCIATION OF REHABILITATION FACILITIES, INC.

Mr. Chairman and Committee Members, the Pennsylvania Association of Rehabilitation Facilities was most pleased to have the opportunity to present testimony before the U.S. Subcommittee on Select Education at its field hearing held on July 25, 1983, in Harrisburg, Pennsylvania. Since a portion of the testimony and questions presented at this hearing focused on the role which private rehabilitation facilities play in Pennsylvania's vocational rehabilitation program, we wish to submit this supplemental testimony to the committee to further address this topic and related issues.

ROLE OF THE PRIVATE REHABILITATION FACILITY

The rehabilitation system in the Commonwealth can be described as having two major component parts. The first component is the State Office of Vocational Rehabilitation with its 15 District Offices and 800 staff members located across the Commonwealth. The second component is comprised of the over 120 community-based, mostly private, nonprofit facilities which provide vocational and medical rehabilitation services directly to handicapped persons. Both of these components are required to ensure the delivery of needed services to the Commonwealth's handicapped citizens.

As increasing numbers of severely handicapped persons are being served by the Pennsylvania Office of Vocational Rehabilitation (OVR), the role which private rehabilitation facilities play in the Commonwealth's rehabilitation system has become increasingly important. The reason for this can be traced to the needs of the severely handicapped and the fact that Pennsylvania has a sophisticated, cost-effective system of community-based rehabilitation facilities who possess years of experience in serving the Commonwealth's physically and mentally handicapped citizens.

To help them achieve their vocational potential, severely handicapped persons often require a vast array of coordinated services. The services needed may include among others: Medical Rehabilitation including inpatient and outpatient physical restoration, speech therapy, and occupational therapy; Vocational Evaluation; Work Adjustment Training; Skill Training; Placement; Personal and Social Development; Remedial Education; Driver's Training; Training in Activities of Daily Living; Social Services; Counseling; and Case Management.

Although the Commonwealth has a statewide system of OVR counselors, it is impossible for these counselors to provide all these needed services directly to their clients. Rather, their role should be and is one of confirming client eligibility for service, developing individual habilitation plans, arranging for needed services, monitoring client progress, and authorizing payment with state funds.

Private medical and rehabilitation facilities are the entities which provide most of the needed direct rehabilitation services to OVR clients. Since the 1950's, these facilities have been organized, expanded, and upgraded to deliver an array of services in a coordinated and concurrent fashion in one location to their communities' handicapped citizens. To deliver the services, the staff of private rehabilitation facilities is composed of a variety of professionals, whose expertise in different disciplines can be tapped to identify clients' needs and implement a program of services designed to meet these needs. The use of this interdisciplinary team approach by rehabilitation facilities has been demonstrated to be an efficient and effective way to serve the multiple needs of severely handicapped persons. For these reasons, private community-based rehabilitation facilities play an integral role in the provision of services to the Commonwealth's handicapped citizens.

COST EFFECTIVENESS OF PRIVATE REHABILITATION FACILITIES

To provide all the services needed to help severely handicapped clients achieve their vocational potential is costly. Services provided by private rehabilitation facilities in the community have been demonstrated to be less expensive than the same services provided in the Commonwealth's owned and operated institution. Private facilities are often able to achieve cost efficiencies that state-run facilities are unable to do. In addition, by contracting with facilities for specific services, OVR is able to monitor and control costs through its established fee schedules.

QUALITY OF SERVICE IN PRIVATE REHABILITATION FACILITIES

The question of the quality of services provided by private rehabilitation facilities also should be addressed. Private medical and vocational rehabilitation facilities are licensed, certified, accredited, and overseen by a variety of local, county, statewide, and national oversight groups. It must be noted that in the Commonwealth, private vocational facilities are required to have a state license which is based upon the Commission on Accreditation of Rehabilitation Facilities (CARF) standards; whereas state-run programs are not required to be licensed. Due in part to this oversight, the quality of services provided by private rehabilitation facilities remains at a consistently high level.

OVR AS A SOURCE OF FUNDING FOR PRIVATE FACILITIES

The majority of rehabilitation facilities in the Commonwealth receive funding from a variety of sources including: Mental Health/Mental Retardation program dollars (Adult Services Block Grant, Mental Health Block Grant), Medical Assistance funding (Medicaid), OVR fee-for-service contracts, industrial contracts and subcontracts, contributions and grants. Although OVR is an important source of client referrals for rehabilitation facilities, it is not a significant funding source in terms of the percentage of a facility's budget. Based upon a recent survey of PARF member facilities, in fiscal year 1981-82, OVR contracts represented on the average only 5 percent of facilities' gross operating budgets. In fact, in some cases, the established OVR fee-for-service per diems do not adequately cover all the service costs for their clients, due to the fact that many facilities have not had an adjustment in their OVR per diem rates since 1979 or 1980. Although revision in OVR's private facility rates are expected in the near future, OVR funding will remain a small portion of most facilities' budgets and facilities will most likely have to continue to use other sources of funding to help provide services to OVR clients.

FACILITY INVOLVEMENT IN OVR STATE PLAN DEVELOPMENT

Some criticism has been leveled at the Pennsylvania Office of Vocational Rehabilitation for the process used to develop the recently adopted State Plan for Vocational Rehabilitation. More specifically, the criticism has focused on the involvement of facility representatives in the Ad Hoc Groups established by OVR to address key topics and develop recommendations for sections of the State Plan.

We believe OVR deserves commendation for its successful efforts to involve representatives of business, employers, consumers, other governmental agencies, and community-based rehabilitation facilities in this planning process. The role of community-based rehabilitation facilities in the Commonwealth's rehabilitation system was clarified earlier in this testimony. It was essential that OVR involve facility representatives, who are the major providers of direct rehabilitation services to clients in the planning process if it wished to secure broad-based input and develop a viable plan. The involvement of facility representatives has given providers a better understanding of OVR's legal mission, its organization and administration, and the problems it confronts in various program areas, which has proven to be an important first step in enlisting greater cooperation and support of facilities to achieve higher levels of service for OVR's clients.

It must be clarified that facility representatives made up only a small portion of the individuals involved in the OVR Ad Hoc Planning Committees and that in no instance were there topics or discussions by the various Ad Hoc Groups related to the allocation of funds to any agency or organization.

PRIVATE FACILITIES AND THE OVR DISCRETIONARY GRANT PROCESS

Mr. George Lowe, Executive Director of the Pennsylvania Office of Vocational Rehabilitation, explained the legality and appropriateness of OVR's awarding discretionary grants to private rehabilitation facilities in his testimony. We wish, however, to explain for the committee, the purposes for which and the process by which these discretionary grants will be awarded.

Although the Commonwealth has a well-developed service delivery system, there are still service gaps, particularly in the area of innovative, industry-integrated programs for the severely handicapped. OVR, through its District Offices, has identified specific programs and services in each District which are needed to meet the needs of that community's severely handicapped population. Based upon this information, OVR has established a discretionary grant program and has generated Requests for Proposals (RFP's) from facilities in particular program areas.

To be eligible to receive funds under this program, private facilities must submit a detailed grant application package and describe how their project is designed to meet the specific local needs identified by the OVR District Office. In addition, facilities must be able to provide the required matching funds. Upon submission, each proposal is subject to a competitive review process starting at the local OVR office. To be eligible for funding, the endorsement of the OVR District Administrator is essential. A review of proposals is also conducted at the state level, following which a priority list of applications is developed. Only after successfully completing the process are facilities able to receive grant awards according to their ranking on this priority list.

Thank you for your consideration of these additional comments. If the Pennsylvania Association of Rehabilitation Facilities may be of further assistance to this committee, please do not hesitate to contact us.

OPEN DOORS FOR THE HANDICAPPED,
WASHINGTON COUNTY CHAPTER,
Washington, Pa., July 18, 1983.

Hon. AUSTIN J. MURPHY,
Subcommittee on Select Education,
Washington, D.C.

(Attention: Ms. Judy Wagner.)

DEAR MR. MURPHY: The Rehabilitation Act with its central focus as the state-federal program of vocational rehabilitation provides a broad range of services to the physically and mentally disabled. It seems to be an ideal legal framework for excellent program implementation and rehabilitating persons to their fullest potentials in employment. In fact, the cost-effectiveness of the program is so tremendous, that the lifetime earnings of disabled persons is increased by $10 for every one dollar spent on their rehabilitation. Thus, the severe decline in the number of rehabilitations seems to be unjustified. The number of rehabilitations has never been so low as right now in 1983.

Some causes of this decline lie within the process. I am aware of disabled persons that have been referred to jobs without having had proper job skills training at the Office of Vocational Rehabilitation. They float in and out of various positions never realizing their employable potentials. Being a handicapped person who has gone through the rehabilitation system and has succeeded, I am aware of the importance of the client-counselor relationship and the time that is needed for vocational and personal counseling. This time is so limited now due to overloaded caseloads and this results in the poorer quality of vocational counseling. Furthermore, as more agencies such as United Cerebral Palsy and the Greene Association of Retarded Citizens apply for grant monies to obtain programs for Community Living and Job Skills Training. This is indicative that there is a lack of these services in our community. Such programs existence should not be contingent upon grant approval. Being that there are provisions for such programs, under the Rehabilitation Act, why should a community suffer a two year lag from the time the grant is completed to the time of program implementation.

However, the biggest cause of the decline of rehabilitations has been due to the reclassification of those to whom services are delivered. Thus, many more disabled persons are not being aided to live more independently. It is to the benefit of these individuals and society as well for there to be full rehabilitation services for all disabled persons due to the cost-effectiveness of the program. Our state program used to serve more people, now it is aiming to serve less people.

I mentioned earlier, I had benefitted greatly from the Bureau of Vocational Rehabilitation benefits and I know for a fact that I never would have advanced to such a level of employment without B.V.R. I doubt if I would be entitled to the same benefits today because of their emphasis on serving the most severely disabled.

The Office of Vocational Rehabilitation must follow the procedures to allow for the most cost-effectiveness in long-term planning. Such procedures would be to implement to the fullest the entire gamet of vocational rehabilitation programs, to serve the disabled and to allow the more counseling in the rehabilitation process. The Rehabilitation Act is very comprehensive and positive. The states must be encouraged to allocate the monies as mandated to ensure for cost-effectiveness and excellence of service.

Sincerely,

LINDA YELANICH,
President, Open Doors for the Handicapped,
Washington County Chapter.

PENNSYLVANIA COALITION OF CITIZENS
WITH DISABILITIES, INC.,
Philadelphia, Pa., July 21, 1983.

Congressman AUSTIN J. MURPHY,
Subcommittee on Select Education, U.S. House of Representatives, Washington, D.C.

DEAR SIR: As president of both the Pa. Coalition of Citizens with Disabilities (PCCD), an organization of orgainzations representing nearly 70,000 members in Pa., and president of Open Doors for the Handicapped of Westmoreland County (ODHWC), I do not claim to represent 100 percent of either constituency. However, I am certain that the majority of people I have been able to question have been in support of the Office of Vocational Rehabilitation (OVR) focusing on persons classified as having more severely functional limitations as was Congressionally mandated by the Rehabilitation Act of 1973.

Many members of both organizations, classified as severely disabled, have felt very neglected and cheated of OVR services and vocational training in the past and feel this change of focus is long overdue.

Other members have been participants in, or involved with, the task forces developing the new state plan and, of course, feel they have all dickered and compromised to arrive at the best state plan they could presently foresee.

Our PCCD Board of Directors has met quarterly with the OVR Executive Director, Mr. George Lowe and many of his staff members to both make suggestions and ask questions regarding policies and priorities. We felt mutually comfortable to ask and answer the hard questions on any matter of concern to us, such as OVR and SSI-SSDI issues. We could all recognize the potential for even more fully coordinated and innovative services for the future while still considering the present realistic financial limitations. This open communication has been beneficial to what we feel has been a mutual understanding.

As a PCCD Board, we are in agreement that the majority of dollars should go into services for the consumers rather than to administrative staff and personnel. There has been some resentment in the past that well over half of the Pa. rehabilitation money went to people in offices rather than to people in need of services. We also support the expansion idea for independent living services and the broader definition of homemaker services.

Ideally no one should be denied services, but if a choice must be made, it seems logical that priority service should be provided first to the severely disabled population who has few or no alternative opportunities. Because of service gaps within the system, we are hearing that some less severely disabled but needy people are feeling stranded or abandoned. Perhaps a coordinated but separately funded program could bridge that gap.

Except for certain suggestions, such as, more general consumer input to the State Plan (possible hearings), more capable and consistent counseling in some cases, and speedier action in others, I go on record as supporting the State OVR Plan as outlined by Mr. George Lowe and Mr. Bud Latz at the PCCD General Membership Assembly Meeting mandated by the State Planning Committee as the approved plan goes into print.

Respectfully submitted,

CONNIE TARR, *President.*

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON SELECT EDUCATION,
Washington, D.C., March 17, 1982.

Mr. GEORGE LOWE,
Director, Office of Vocational Rehabilitation, Department of Labor and Industry, Room 1300, Labor and Industry Building, Harrisburg, Pa.

DEAR MR. LOWE: As Chairman of the House Subcommittee with jurisdiction over the Rehabilitation Act, I have recently become aware of planned reductions in the number of rehabilitation personnel in several states, including the Commonwealth of Pennsylvania. It is also clear that states are implementing order of selection for rehabilitation services.

Because of my deep concern over the provision of services through the State/Federal vocational rehabilitation program, I am seeking the answers to a number of questions about the program in Pennsylvania.

You will find a list of questions attached to this letter. I hope I may have your cooperation in providing the information as promptly as possible. Thank you for your assistance in this matter.

Very truly yours,

AUSTIN J. MURPHY, *Chairman.*

Enclosure.

What is the current number of state rehabilitation personnel and of that number, how many are counselors, how many are clerical or support staff, and how many are in supervisory or administrative positions?

What is the status of plans to reduce state rehabilitation personnel? How and when will the reductions be accomplished? How many of those losing their jobs will be counselors, and how many will be support staff? Will any administrative personnel be furloughed, and if so, how many? What proportion of the furloughs will occur in the Pittsburgh office?

What is the state's current (FY 1982) budget for rehabilitation? Of that, how much is Federal money and how much is the state match? How does the total compare with rehabilitation expenditures in FY 1981? What was the state match for FY 1981? How much in the form of SSI and SSDI rehabilitation funds did the state lose between FY 1981 and 1982?

What percentage of the state's total rehabilitation budget is used to purchase service from private rehabilitation facilities? Is a determination made in regard to purchased service as to what percentage may be used for "administrative" costs, and if so, how are these costs defined?

What percentage of the current state rehabilitation budget is designated "administrative"? In the determination of the percentage of "administrative" costs in the total state rehabilitation budget, how are counselor salaries treated for purposes of designation?

Would you please provide the Committee with a copy of the sections of your approved state plan which refer to order of selection of clients and a copy of any procedural instructions to state rehabilitation personnel in regard to order of selection.

Has any change been made during the past three years in the state's definition of "severely disabled"? If so, please describe the change, when it was made and the reasons for it. Are further changes in the definition being proposed, and if so, for what purpose?

Would you please provide the Committee with information on how many clients the state was able to serve at status 10 and above in each of the years from 1975 through 1981, how many cases were closed as rehabilitated in each of those years, and of those rehabilitations how many were severely disabled and how many were in the homemaker category. Would you please also provide the total number of referrals to state rehabilitation services for each of those years.

OFFICE OF VOCATIONAL REHABILITATION,
Harrisburg, Pa., April 20, 1982.

Hon. AUSTIN J. MURPHY,
Chairman, Committee on Education and Labor, Sub-Committee on Select Education, 617 House Office Building, Washington, D.C.

DEAR CONGRESSMAN MURPHY: Thank you for your recent correspondence regarding the proposed reduction in force in the Pennsylvania Office of Vocational Rehabilitation.

As you know, the Rehabilitation Act of 1973, as amended, requires state rehabilitation agencies to implement an Order of Selection which mandates priority services for those individuals with the most severe handicaps, when sufficient resources are not available to serve all eligible applicants. This Agency has been operating under such an Order of Selection since April, 1980.

The provision of quality rehabilitation services to severely handicapped Pennsylvania residents is in jeopardy primarily due to an alarming trend that reflects greatly increased administrative/personnel costs. In 1971, $7 out of every $10 were expended for client services. In 1982, without a reduction in force, only $1 out of every $4 will be available for client services. In 1978, we had nearly $22 million available for distribution to the 15 district offices. In 1982, without a reduction in force, we will have just over $12 million available for distribution to the district offices.

An additional issue which impacts on our ability to provide quality services is, of course, the decision of the Social Security Administration, which eliminated the forward funding provision for SSI/SSDI vocational rehabilitation clients, and which realized a shortfall of $5.6 million for the Pennsylvania rehabilitation program.

As you know, counseling and guidance are certainly direct client services but, in many instances, they must be complemented by purchased services such as, specialized training or equipment. A fine counseling staff, without necessary client service funds, cannot provide quality, comprehensive rehabilitation services.

The decision to implement a reduction in force was a difficult one but every other possible cost reduction strategy that we have been able to identify has either been effected to date, or is in the process of implementation. These cost reduction moves, while substantial, are not significant in terms of transferring funds into the case service category. These facts, when presented to the State Board of Vocational Rehabilitation, resulted in a Board resolution to bring into balance the amount of funds expended on administrative/personnel expenses and the dollar amount available for case services. A 50/50 ratio will not be accomplished this fiscal year even with the reduction in force, but should occur in fiscal year 1983.

I have addressed each of your questions in the enclosed material. If you would like to discuss any portion of it or require additional information, please do not hesitate to contact me.

Sincerely,

GEORGE LOWE, *Director*.

Enclosure.

PENNSYLVANIA OFFICE OF VOCATIONAL REHABILITATION

1. Complement

Current number of Pennsylvania OVR personnel	1,005
(a) Number of counselors	470
(b) Clerical/support/other	388
(c) Supervisory/administrative	147

2. Reduction in force

As has been stated, the reduction in force is seen as a necessary move to place into better balance the amounts expended for administrative/personnel costs and the amount of funds available for allocation to the 15 district offices which can be expended for purchased client services.

To date, the status of the furlough is as follows: On April 20, 1982 32 counselors and 44 clerical and support staff will be furloughed along with 45 supervisory and administrative persons.

On August 3, 1983 an additional 32 counselors and 45 clerical and support staff will be furloughed. This will result in approximately $1 million which will be available to purchase client services in the remainder of fiscal year 1982.

Total reduction in force:

Counselors	64
Clerical/support	89
Supervisory/administrative	45

We have, through various means, notably the Commonwealth Placement Service and the efforts of individual district administrators, been able to locate suitable employment for a number of our furloughees. Approximately 25 clerical and support persons have been, or are soon, to be placed in alternate employment; approximately 15 counselors and other professional staff have been relocated; and several other professional staff persons have chosen retirement. It is hoped that additional, available positions will be located.

This reduction in force follows an earlier reduction of 35 administrative and clerical staff persons which occurred in October, 1981. The funds that had been targeted for the salaries and employe benefits of these 35 persons have been transferred to the purchased client services category.

3. Budget

	Fiscal year—	
	1981	1982
A. Federal (section 110)	$39,903,793	$40,243,000
State	9,975,940	10,076,000
Total	49,879,733	50,319,000
B. SSI/SSDI	5,600,000	0

4. Requested information on selected expenditures—Fiscal year 1981

Private rehab facilities	Amount	Percent of total budget
Evaluation/personal-work training	$3,078,430	5.53
Alcohol treatment facilities	185,470	0.33
Rehab center/specialized hospitals	609,962	1.09
Other (speech, hearing, etc.)	293,368	0.53
Total	4,167,231	7.48

All of the above expenditures are fee-for-service. A reasonable percentage of facility administrative costs are permitted in the fee. There is no direct or separate payment for facility staff or administrative costs.

5. Administrative costs—Fiscal year 1981

Administrative Costs:

Amount	$4,786,000
Percent of total budget	8.5

(Management personnel costs, District Office leases, staff travel, etc.)

6. Personnel costs

Personnel costs are listed separately under "personnel expenditures" (FY '81 equals $27,349,000—49.1 percent of total budget). There is no process which combines counselor salaries with administrative costs. The State Board of Vocational Rehabilitation has determined that the combined amounts expended for administrative costs and total personnel costs should be approximately equal to the amount available for purchased client services.

ORDER OF SELECTION

7. State Plan section is attached.[1]

8. Requested sections of the Pennsylvania OVR manual regarding the coding of "severely disabled" (SD) is attached.

9. There has been no change in the above SD determination although a manual revision was completed in June of 1980 which clarified the existing process.

The Rehabilitation Act specifies priority services to the severely *handicapped* when sufficient funds do not exist to serve all eligible persons who request services. The Federal Rehabilitation Services Administration (RSA) guidelines (for statistical reporting purposes) provide a method of identifying the severely *disabled* (see 7 and 8, above). The RSA guidelines do not speak to *handicap* and this Office has constituted a Task Force to make recommendations regarding a method of identifying the severely handicapped.

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[1] The Order of Selection was recently revised by the State Board of Vocational Rehabilitation; copy attached.

10. Number of persons served

	1975	1976	1977	1978	1979	1980	1981
Total served (active)	76.594	75,265	79,778	78,798	81,045	78,781	69,504
Numbers of rehabilitated	21,866	21,258	22,535	21,356	24,044	24,048	20,939
Numbers of severely disabled rehabilitated	7,050	8,050	9,738	10,992	12,478	13,429	14,189
Numbers of homemakers rehabilitated	4,622	6.590	6,535	6,407	7,934	8,217	8,011
Total referrals	81,288	70,604	72,635	64,837	58,412	54,257	40,720

Note.—Total Served may be higher than Total Referred due to services extending from year of referral into following years (i.e., vocational or college training).

Note.—In Pennsylvania the number of handicapped individuals rehabilitated as homemakers has increased steadily from fiscal year 1975 through 1980. Although services will be provided to individuals who will eventually function as homemakers, and increased emphasis is being placed upon securing competitive job placements for severely handicapped persons.

The initial indication of the projected, downward trend in the number of homemaker closures can be seen in the decrease from fiscal year 1980 to 1981.

ORDER OF SELECTION

The Rehabilitation Act requires that the State Agency include in its State Plan a description of the method to be followed in selecting clients for services when resources are not available to serve all eligible, handicapped individuals. This is referred to as the ORDER OF SELECTION. The Pennsylvania OVR has been operating under such a priority system since April 1, 1980. At that time, following an analysis of resources and unmet client needs, the order of selection presented below was adopted:

CURRENT ORDER OF SELECTION

Continuing resources analysis conducted by the State Agency indicates that available resources will be insufficient to provide all necessary vocational rehabilitation services without delay to all eligible applicants. The following priorities will be followed in the order of selection:

1. Severely disabled, eligible applicants, as defined by law and regulation, on a first-come, first-served basis.
2. Cases in which an Individualized Written Rehabilitation Program (IWRP) has been developed and initiated, where an extention, continuation or modification of services not previously authorized is indicated and which, if not promptly furnished, would adversely affect the client's rehabilitation. Also, cases in any status requiring prompt services to meet an emergency situation.
3. Cases in which an IWRP has been developed but not yet implemented.

Within each of the above categories of priority, first consideration will be given to public safety officers and civil employees of the United States falling in such category.

The order of selection for service of Social Security Trust Fund beneficiaries and Supplemental Security Income recipients will be in accordance with applicable Federal law.

Note.—The Rehabilitation Act requires that "the severely handicapped" received first priority and that disabled public safety officers (firemen and policemen) receive "special consideration."

The current order of selection met the Federal mandate to serve the severely handicapped on a priority basis and concurrently honored commitments of continued cost services to non-severely handicapped persons who had begun rehabilitation programs prior to the implementation of the order of selection.

Given that this Office has been operating under an "order of selection" since April 1, 1980 and commitments of continued cost services made to non-severely handicapped clients have been honored, the current order of selection does not accurately reflect the goals of the State Board of Vocational Rehabilitation, as adopted at the August 19, 1981 State Board meeting, and current operational demands.

A revised order of selection, presented below, provides a clearer statement of priority and reflects the position that "available resources" includes both personnel and case service dollars.

ORDER OF SELECTION—DESCENDING ORDER OF PRIORITY

Category and scope of services on a first come, first served basis

Severely handicapped: Comprehensive (counseling, guidance, referral, placement assistance and cost services).

Nonseverely handicapped: Nonpurchased VR services; e.g., counseling, guidance, referral, placement and the coordination of similar benefits and third party payments.

Nonseverely handicapped: Comprehensive.

Nonseverely handicapped individuals who were provided cost services prior to the implementation of the Order of Selection and to whom commitments for services have been made will continue to be served.

Public safety officers will receive special consideration in each of the above categories.

The revised Order of Selection was adopted by the Pennsylvania State Board of Vocational Rehabilitation on Monday, April 12, 1982. Amendments to the current State Plan will be included in the State Plan submission projected for 8/1/82.

It is the purpose of this manual chapter to present in one section those policies which relate to certain disabling conditions. These guidelines do not necessarily address medical aspects, but rather cover casework considerations when dealing with certain disabilities. These approaches may be general (i.e., making a determination of Severely Disabled) or may be specific (i.e., procedures for providing a hearing aid). The material in this section is not intended to imply that certain disabilities receive only certain services. It should also be pointed out that services are not provided on the basis of disability alone, but that the client's individual eligibility for vocational rehabilitation must be determined (refer to 401, Eligibility). Instead guidelines are summarized here as a matter of convenience and for reference when working with disabling conditions and any related special service conditions.

.01 SEVERELY DISABLED

As has been mandated by legislation, those individuals designated as "Severely Disabled" have first priority for vocational rehabilitation services. The information presented in this section will assist in identifying those clients who can be considered as having a severe disability.

.011 Method

Making the determination of Severely Disabled is done by any of the following four ways:

.0111 *Major Disabling Condition Code* (RSA Disability Codes; refer to Federal Manual chapter 3005) – Note that some disability codes are "automatically" Severely Disabled (i.e., codes 100-119) while others must be qualified (i.e., codes 140-149). This list only addresses those disabilities where a determination of Severely Disabled will be made; it does not include all disability codes used by the Bureau.

Code	Disabling Conditions and Any Qualifiers
100-119	Blindness, both eyes
120-129	Blindness one eye, other eye defective
140-149	Other visual impairments – if, with correction, unable to obtain driver's license for visual reasons
200-219	Deafness, able or unable to talk
220-229	Other hearing impairments – if loss exceeds 70 decibels in better ear in conversational range with correction
300-319	Orthopedic impairment involving three or more limbs
320-339	Orthopedic impairment involving one upper and one lower limb (including side)

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Code	Disabling Condition and Any Qualifiers
340, 341, 343 350, 352, 354 357, 359	Orthopedic impairment involving one or both upper limbs (including hands, fingers, and thumbs) – if both, and assistance of another person or devices is needed for activities of daily living
360, 361, 363 370, 372, 374 377, 379	Orthopedic impairment involving one or both lower limbs (including feet and toes) – if locomotion is impaired to a degree that bilateral upper limb assistance devices are required, or individual is unable to utilize public busses or trains
355, 375, 395	Muscular dystrophy
356, 376, 396	Multiple sclerosis
358, 378, 398	Accidents and injuries involving the spinal cord
400-409	Loss of at least one upper and one lower extremity (including hands, thumbs, and feet)
410-419	Loss of both major upper extremities (including hands or thumbs)
430-439	Loss of one or both major lower extremities – if bilateral at the ankle or above; or if one at mid-thigh that requires bilateral upper limb assistance devices; or individual is unable to utilize public busses or trains
500	Psychotic disorders – if now requiring institutional care in a mental hospital or psychiatric ward of a general hospital; or has history of being institutionalized for treatment for three months or more, or on multiple occasions; or meets the description for moderate or severe (refer to 407.082)
510	Psychoneurotic disorders – if now requiring institutional care in a mental hospital or psychiatric ward of a general hospital; or has history of being institutionalized for treatment for three months or more, or on multiple occasions; or meets the description of moderate or severe (refer to 407.081)
532, 534	Mental retardation – moderate and severe (refer to 407.093)
600	Colostomies resulting from malignant neoplasms
601	Laryngectomies resulting from malignant neoplasms
602	Leukemia and aleukemia
616	Cystic fibrosis
620	Hemophilia
621	Sickle cell anemia

Code	Disabling Condition and Any Qualifiers
630	Epilepsy – if not seizure-free for two years
640-644	Heart conditions – if classified 2C or worse in the New York Heart Association Classification as adopted by the American Heart Association
651-654, 659	Respiratory system conditions – if maximum breath capacity is less than 55 percent of predicted or shortness of breath on climbing one flight of stairs or walking 100 yards on the level
664	Colostomies (from other than malignant neoplasms)
671	End-stage renal failure
680	Cleft palate and harelip with speech imperfections
684	Laryngectomies (from other than malignant neoplasms)
685	Aphasia resulting from intracranial hemorrhage, embolism, or thrombosis (stroke)

.0112 *SSDI Beneficiaries*—regardless of disability code, any client who, at any time in the vocational rehabilitation process, had been (or is) a beneficiary of Social Security Disability Insurance.

.0113 *SSI Recipients*—any client who, at any time during the vocational rehabilitation process, had been (or is) a recipient of Supplemental Security Income payments by reason of blindness or disability.

.0114 *Functional Limitations Factors*—In this grouping are those conditions, whether a single disability or a combination of disabilities, which, when presented in terms of clinical description and functional limitations, Severely Disabled can be determined. This category refers to other individual cases with documented evidence of loss and limitation meeting the criteria below. Note that the individual must meet criterion B *and* at least one factor from criterion A. If there is doubt that these factors are severely disabling for the client, a team staffing approach should make the Severely Disabled determination.

Note, too, that these limitations are descriptions relating to *functional* aspects of the disabling condition(s) and should not be confused with "handicaps" per se. Certainly such limitations may result in vocational handicaps *for* a client; but, for classification purposes, it is the relationship of these factors to the presented disability which is being viewed.

a. There exists substantial loss of functional capacity and restriction of activity attributable to medical factors, such that the client:
    1. Is unable to make use of public bus or train, or

2. **Is unable to perform sustained work activity for six hours or more, or**
3. **Has disfigurement or deformity so pronounced as to cause social rejection, or**
4. **Speech is unintelligible to non-family members, or**
5. **Is unable to climb one flight of stairs or walk 100 yards on the level without pause, or**
6. **Has loss of manual dexterity or coordination sufficient that he is unable to button buttons, wind a watch or write intelligibly;**

-and-

b. **The client will normally require multiple vocational rehabilitation services over an extended period of time.**

.012 Recording

A determination of Severely Disabled can be made at any point in the life of a client's Case Record. Although no set point can be stated, as soon as it is ascertained, the determination of Severely Disabled should be recorded; this is important for statistical reporting purposes and in the event service priorities are set.

Usually, this determination is made at the time of establishing acceptance (status 10 or 06). At this point, a forced choice of either "yes" or "no" must be made. A determination that the client is Severely Disabled can be made after a "no" decision when the progression of his disability, his limitations, or his circumstances become such that he then meets Severely Disabled criteria. If, at any point in the vocational rehabilitation process, a "yes" decision had been made and circumstances then become such that he is no longer Severely Disabled, the client does *not* become "non-Severely Disabled"; for reporting and recording purposes, the client continues to be classified as Severely Disabled. One additional note: A review for Severely Disabled should not be overlooked when a case is closed status 08 from 00 or 02, especially if the reason for closure is "handicap too severe."

Recording of the Severely Disabled determination is done via the Eligibility Establishment form (BVR-115). A dated "yes"/"no" checkoff has been provided with the Severely Disabled statement. Provided there is *readily identifiable* case information to support a "yes" determination, additional narrative explanations are not necessary. Use of narrative explanations is dependent upon the need to present individual client circumstances.

Committee on Education and Labor,
U.S. House of Representatives,
Subcommittee on Select Education,
Washington, D.C., June 3, 1983.

Mr. George Conn,
Commissioner, Rehabilitation Services Administration,
Washington, D.C.

Dear Mr. Conn: Because of the continuing concern in the Commonwealth of Pennsylvania over the use of Federal rehabilitation funds, I have agreed to conduct a hearing in Harrisburg, PA, on July 25, 1983. I would appreciate having a representative of the Rehabilitation Services Administration at the hearing, and would hope that the Regional Director, Ralph Pacinelli, might be available at that time.

The hearing will be held in the House Majority Caucus Room, 140 Main Capitol Building, Harrisburg, beginning at 10:00 a.m. on the 25th.

In preparation for the hearing, it would be helpful to have a response to the questions raised in the enclosed letter, which is one of many I have received recently on these issues. In particular, I would like to have a response to the following questions:

Have section 110 monies been inappropriately spent in Pennyslvania on mental health programs, independent living centers, high technology placement programs and direct grants to private rehabilitation facilities?

Does the imposition of a "priority system" in the absence of demonstration of insufficient available resources for all applicants violate any provision of the Rehabilitation Act?

Has Pennsylvania violated any part of the Rehabilitation Act by its application of an order of selection for severely handicapped clients during the past two years? Is Pennsylvania presently violating any part of the Act by expanding its priorities to include certain classes of clients?

Thank you very much for your consideration in responding to these matters. I look forward to hearing from you in the near future.

Very truly yours,

Austin J. Murphy, *Chairman.*

Enclosure.

Hon. Austin S. Murphy,
House of Representatives,
Washington, D.C.

Dear Congressman Murphy: I am writing to you to protest a radical change in the vocational rehabilitation program in Pennsylvania, which is being implemented by the Thornburgh administration. At a meeting of the State Board of Vocational Rehabilitation on April 20, 1983, the O.V.R. administrators revealed the existence of a five million dollar "surplus" of funds beyond what was previously budgeted for fiscal year 1983. To spend this money, the Board authorized a giveaway of two to three million dollars in Section 110 funds for mental health programs, independent living centers, high technology placement programs, and a new one million dollar "discretionary grant" program of direct grants to private rehabilitation facilities. The use of Section 110 funds for these purposes is of questionable propriety, as this money is authorized by Congress for the basic Federal-State program. Grants of this type are authorized under other sections of the Rehabilitation Act.

At the same time, the Board voted to expand the "priority system" to spend the remaining two million dollars on "non-severely handicapped" clients. However, only certain classes of clients were included, and only for a limited period of time. Only clients who are currently receiving General Assistance benefits or who have been "economically dislocated due to technology" are to be given funding. In addition, any client who needs only visual services, dental services, or a hearing aid, in conjunction with counseling and placement services, is excluded from this "expanded priority.

This directive appears to be inherently discriminatory, and a possible violation of the Rehabilitation Act. The Act appears to permit a priority system for the "severely handicapped" only when it can be demonstrated that resources are not available to serve all eligible handicapped individuals. In his presentation to the Board, an O.V.R. administrator stated that even if the priority system were eliminated, they would still be unable to spend the entire five million dollars surplus by the end of the year. The Act appears to prohibit a state from maintaining any kind of priority system if resources are available to serve all handicapped individuals. As such resources are now clearly available, the restriction of funds to only certain types of non-severely handicapped, and the exclusion of certain types of services, appears to be a form of discrimination and a violation of the Act.

In view of this situation, I am urging you to schedule a full hearing by the House Subcommittee on Select Education, to investigate the policies of Pennsylvania O.V.R., at the earliest possible date. I feel it is of the utmost importance that rehabilitation funds be expended on the purposes they were intended for, and that no handicapped individual is improperly excluded from services.

Sincerely,

U.S. Department of Education,
Rehabilitation Services Administration,
Washington, D.C., July 19, 1983.

Hon. Austin J. Murphy,
House of Representatives,
Washington, D.C.

Dear Mr. Murphy: This is in reply to your letter of June 3, 1983. In your letter you inform me of your intent to convene a hearing in Harrisburg, Pennsylvania, on July 25, 1983, pertaining to concerns associated with the utilization of Federal vocational rehabilitation (VR) funds by the Pennsylvania Office of Vocational Rehabilitation (OVR). In your letter you also request a representation of the Rehabilitation Services Administration (RSA) at the hearing, and responses to three questions associated with a variety of issues relative to the OVR administration of its VR program. Dr. Ralph N. Pacinelli, Regional Commissioner in Philadelphia, will represent RSA at the hearing.

On two occasions I have had the opportunity to discuss with Mr. George C. Lowe, Jr., the OVR Executive Director, the agency's objectives and activities. Based upon those conversations, I found the agency intent to be consistent with the Rehabilitation Act; responsive to the VR needs and aspirations of persons with severe disabilities; and, reflective of a solid effort to move away from those policies and practices which have generated criticism of the VR program from outside evaluators, such as the General Accounting Office. Within this context of general program reorientation and direction, I strongly endorse and support the OVR efforts.

With regard to the questions posed in the letter you received on the matter, it is difficult to develop comprehensive responses since the questions are rather generic and do not provide specifics which can be addressed in a focused manner. Within this context, however, we will attempt to be responsive, even though it will be necessary for us to make assumptions as to what the intent of each question is. Our Philadelphia Regional Office staff indicate OVR has been in frequent contact with them seeking advice, consultation, and technical assistance relative to the conceptual and operational dimensions of many of the objectives and activities the agency is planning to undertake. This dialogue has been on both an informal and formal (written) basis and I believe it concretely demonstrates the State-Federal VR program is a joint partnership between the Federal Government and the States. If you would like copies of any of the written exchanges between the State agency and the Regional Office, I would be pleased to make them available to you.

The questions in your letter appear to relate to two key issues—i.e., expenditure of Title I formula grant funds and the imposition of an Order of Selection. Relative to the first question, RSA is not aware of any inappropriately spent Title I funds in the various program areas cited in your letter. A definitive answer to this question would require a formal review or audit of operations over a period of time. We are, however, aware of planned agency initiatives in some of the referenced areas and our responses will be developed within the context of our present understanding of what the State agency is planning to do.

OVR and OMH cooperative programming efforts.—Both OVR and the Pennsylvania Office of Mental Health (OMH) are attempting to breathe life into their cooperative agreement to serve mutual clients by operationalizing their State agreement on the service delivery level through the development and implementation of local cooperative working agreements and program initiatives. We understand both agencies are planning to support these local activities by providing funds to address service and resource needs of persons with severe psychiatric disabilities. Within this context, OVR has earmarked, as its share of this joint effort, approximately $500,000 to fund activities to expand and improve services to this disability group which comprises the largest percentage of all disability populations served by the State agency. Recently, OMH requested applications for technical assistance and training to acquaint staff of both agencies with the latest technique associated with the vocational rehabilitation of persons with severe psychiatric disabilities. In this regard, it is interesting to note OMH's request focuses on the Project With Industry (PWI) model as a suggested vehicle to be addressed in any training module developed with regard to the placement of persons with psychiatric disabilities. We see nothing in these proposed activities which would be inconsistent with Title I provisions; on the contrary, this type of cooperative programming effort among State agencies to serve more efficiently and effectively mutual clients is encouraged by the Act.

Independent living rehabilitation programs.—Under the Title VII, Part B, authority of the Act, OVR and the Pennsylvania Bureau on Blindness and Visual Services are co-grantees of a RSA grant for the establishment of Center for Independent Living (CIL) projects within the Commonwealth. In turn, the agencies have contracted with disability related groups for the establishment of four (4) CIL projects in Pennsylvania (2 in Philadelphia, 1 in Pittsburgh, and 1 in Erie). The Philadelphia Regional Office has within the past three years conducted two reviews of each Pennsylvania (CIL) and has found their administration and that of the two State agencies to be adequate with regard to management considerations and the requirements of the Law and its implementing Regulations. We do know the agencies have been interested in establishing a CIL project in the Northeast quadrant of the Commonwealth (Scranton) area since a need for CIL services has been identified. The agencies, however, have not been successful in garnering Title VII, Part B, funds in this regard. Within this context, the agencies, particularly OVR, have been investigating a variety of mechanisms to support such an initiative. The utilization of Title I funds with regard to such a CIL would not be consistent with Title I intent and provisions. OVR has been apprised of that by the Philadelphia Regional Office both in written and informal communications. As a result of this dialogue, the agency is considering the possibility of utilizing State funds only (those in excess of the required State match) to initiate such a CIL project or to modify the nature and scope of the planned activities to conform to the requirements to Title I.

High technology placement program.—Approximately six years ago, the State VR agency then called the Bureau of Vocational Rehabilitation, under the Innovation and Expansion authority of the Act helped establish a computer training program for persons with severe physical disabilities at the University of Pennsylvania in Philadelphia. This program utilized the PWI concept and the expertise of the International Business Machines Corporation. The program has achieved a National reputation and has the solid support of the Philadelphia business community, particularly those organizations which require well trained persons in computer technology. It is our understanding the State agency is attempting to serve as a catalyst in the initiation of a similar type of computer training program in the Pittsburgh area. We are not aware of how the agency plans to support such a program but it has a variety of legislative authorities available to it in this regard. As an aside, I find such an initiative to be entirely consistent with the priorities articulated by RSA with regard to applications for discretionary grant funds, i.e., to support programmatic efforts to enable persons with severe disabilities enter good paying positions within the emerging fields of high technology.

Direct grants to private rehabilitation facilities.—The State agency has for years supported rehabilitation facilities within the Commonwealth through the provision of funds under the Establishment grant authority of the Act. For many years, the agency would let such grants to utilize "excess" Federal funds at the end of a fiscal year in order not to have the funds revert to the Federal Government. Based upon a review conducted by the Philadelphia Regional Office some two years ago with regard to the agency's policies and practices relative to the Establishment grant authority and its "State Plan for Rehabilitation Facilities," RSA encouraged the agency to move away from its practice of letting grants in this manner and to develop a more planful, rationalized approach consistent with the needs of the agency identified in its "State Plan for Rehabilitation Facilities" and the methods to expand and improve services to persons with severe disabilities as required by the agency's "State Plan for Vocational rehabilitation Services." The agency, in this regard, appears to be developing this more measured approach to address the needs of persons with severe disabilities through the utilization of rehabilitation facilities. We see such an initiative to be consistent with the intent of the Act with regard to the pivotal role rehabilitation facilities play in the provisions of services to VR clients.

Your letter also raised questions relative to OVR's Order of Selection. Both in the Regulations and its formal guidance to State agencies, RSA has consistently stated that when VR services cannot be provided to all eligible handicapped individuals who apply for services, the State VR agency is permitted by the Act to exercise its own judgment in determining some equitable system by which eligible individuals will be selected for services, with priority given to those persons with the most severe handicaps. Within this context, a State VR agency has considerable flexibility relative to an Order, e.g., its construction, the articulation of outcome and service goals related to the Order, the decision as to when to go on and off an Order, etc. The only Federally enunciated criterion for an Order is that it be equitable. This, however, does not mean a State agency would not be constrained by other considerations of the Law and Regulations in regard to the construction and implementation of an Order. For example, an Order must have the characteristic of being Statewide and uniform in its implementation, i.e., one District Office cannot be "off" an Order another one "on" the Order.

Relative to the Pennsylvania agency, an Order of Selection has been in place since April 1980. The present Order was approved by the Philadelphia Regional Office in August 1982 as an amendment to OVR's State Plan. That approval, however, indicated to the State agency the concern the Regional Office had with regard to what it considered ambiguous language, e.g., "individuals in great need", "individuals requiring emergency services", of the Order. The Regional Office felt such ambiguity could jeopardize the uniform, Statewide application of the Order. To address this concern, the Regional Office suggested the agency articulate to its staff guidance on how to operationally interpret these phrases. It is our understanding the expansion of the Order referenced in your letter is an attempt on the part of the State agency to better define the concepts of "great need" and "emergency services" within the context of those persons with disabilities who are receiving General Assistance benefits or who have been dislocated from their employment due to technology. With this "expansion" of the presently constructed Order, it is the understanding of RSA that such an "expansion" merely identifies more clearly the persons to be served under the Order and that while resources are not adequate to enable OVR to discontinue the Order, there would be sufficient resources to expand it. Also, we are not aware of any violation of Federal statute or regulation in OVR's implementation of its Order during the past two years. A definitive answer to this question would require a review or audit of operations over a period of time.

I trust this response adequately addresses the requests contained in your letter. I look forward to the findings of your hearing. RSA stands ready to work with the State agency in supporting its efforts to expand and improve its services to persons with severe disabilities in a manner consistent with the intent and requirements of the Act and its implementing Regulations. If you need any further information, please do not hesitate to get in touch with me.

Sincerely,

George A. Conn.

Legislative Budget and Finance Committee

REPORT SUMMARY

I. Report title

"Report on the Nature and Impact of Policy Changes and Staff Reductions in the Pennsylvania Vocational Rehabilitation Program.

II. Description of contents

This report contains 277 pages of text, tables, exhibits, and appendices. It is divided into six major sections, including: (1) Report Recommendations, (2) Study Conclusions, (3) Background Information on Vocational Rehabilitation, (4) Pennsylvania Vocational Rehabilitation Program Policies and Priorities, (5) Staff Reductions in the Pennsylvania Office of Vocational Rehabilitation, and (6) Analysis of the Impact of OVR Policy Changes and Staff Reductions on Program Costs, Services, and Operations. Also, a separate 217 page supplement to the report has been prepared. It is entitled "Results of LB&FC Questionnaire to Counselor and District Administrator Staff of the Pennsylvania Office of Vocational Rehabilitation". This supplemental report contains the results (tabulated responses and commentary) of an LB&FC staff questionnaire survey of state vocational rehabilitation counselors and other staff responsible for carrying out the PA Program.

III. Summary of report conclusions

1. Between 1980 and 1982, a total redirection of the Pennsylvania Vocational Rehabilitation Program [1] occurred. This redirection involved major changes in Program philosophy and policies. The key element of this change was the initiation of a policy known as "order of selection" under which certain Program services—namely direct purchased or "cost services" (e.g., wheelchairs, prosthetic devices, physical and occupational therapy, and vocational and college education and training)—are provided to the severely handicapped on a priority basis.

This marked a distinct change from the Program's past emphasis on services provision to the non-severely handicapped. This redirection of the Program is in conformance with Federal law and regulations and is consistent with Program developments in other states.

The Federal law states that when a VR agency determines that it is not able to provide purchased services to all handicapped persons, it must initiate an order of selection policy under which the severely handicapped receive services on a priority basis. The Pennsylvania Program has been on order of selection since April of 1980.

Based on LB&FC contracts with Federal officials and other states, operations under an order of selection is currently a fairly common situation. During FFY 1982, a total of 33 Program agencies nationwide were operating on an order of selection.

2. Another major development in the Program has been the reduction in the size of the OVR staff by 193 positions or about 20% during 1981 and 1982. This included the elimination of 88 counselor and 87 clerical staff positions. This staff reduction was a result of and an integral part of the total redirection of the Program. This conclusion is based on the fact that the decision by the Department to reduce the size of the OVR counselor and clerical staff was tied directly to what was considered to be a need to make a larger portion of the Program budget available for providing direct purchased services to severely handicapped individuals. Approximately $2 million in decreased salary and benefit costs were made available as a result of the staff reductions during FFY 1982 and estimates are that approximately $6 million will be available during FFY 1983 which would not have been had the reductions not occurred. These monies are being used by the Department for direct client services and for expanding what the PA OVR refers to as a "network" of special facilities and services for the severely handicapped.

3. Based on an LB&FC staff survey and information from the Federal Rehabilitation Agency, staff reductions have occurred in VR Programs throughout the nation as a result of general fiscal constraints at the Federal level. In fact, seven of the eight states which responded to the LB&FC survey indicated that they have experienced staff reductions since 1980. These have ranged in size from a reduction of 29 employees in Florida to 436 in California.

4. This redirection of the Program and reduction of staff is having considerable impact on Program service levels. For example, there are a number of developments which are a direct result of the emphasis on serving the severely handicapped on a priority basis:

(a) A number of key caseload statistics including number of cases on the rolls, new referrals received and active cases served have all decreased by at least 30% over the past three years.

(b) In FFY 1982, fewer persons (14,431) were rehabilitated in the Program than in any year since 1968.

(c) The composition of the Program caseload as of January 1983 was 82 percent severely disabled, 18 percent non-severely disabled. Also, the proportion of severely disabled persons being served and rehabilitated in the PA Program as a percentage of total cases served and rehabilitated was nearly 80 percent in FFY 1982. This placed PA in a position among the leading state VR agencies in terms of providing services to the severely handicapped.

5. There are several problems related to the Program which require attention:

(a) First of all, as a result of the Program's order of selection policy, the Program is one which provides "cost services" exclusively to the severely handicapped. Further, the OVR cannot estimate when the Program may again be able to provide "cost services" to the non-severely handicapped.

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[1] The Pennsylvania Vocational Rehabilitation Program is a state/federal public service program which is intended to help prepare individuals with physical and mental handicaps for employment. The Program is administered by the Office of Vocational Rehabilitation (OVR) within the Pennsylvania Department of Labor and Industry. Funding for the Program is on an 80% Federal and 20% State matching basis. During Federal Fiscal Year 1982, Pennsylvania's vocational rehabilitation efforts involved the expenditure of over $50 million to serve approximately 55,000 disabled persons.

(b) Secondly, there are a number of situations which point to the fact that the Program changes have had a fairly significant negative effect on staff morals and the organizational climate within the Agency. This was especially evident in the responses received to LB&FC's questionnaire survey or OVR counselors. Cited were such problems as unclear guidelines and direction, lack of clerical and secretarial support services, and unmanageable caseloads.

(c) Thirdly, there are indications that the implementation of Program guidelines may not be uniform throughout the State. One example of this is the fact that the criteria for determining whether or not a person is severely disabled is not being uniformly applied and in some cases may be consciously being mis-applied by counselors to make persons eligible for the Program who otherwise would not be.

(d) Finally, there are a number of deficiencies related to management and monitorship of the Program such as (1) a failure to conduct Statewide needs assessments to determine the Program's estimated target population, (2) the absence of a formalized technique for measuring Program performance and success in meeting established Program priorities and objectives, and (3) the absence of established guidelines and regulations for or a system to monitor operations of the Agency's "order of selection" policy.

6. There are a number of long-range impacts of the Progam directions which were established between 1980 and 1982. First, it can be expected that the Program will continue to operate under an "order of selection" policy and that purchased services will most likely continue to be provided to only the severely disabled. As a result, it can also be expected that the cost effectiveness of the Program, in pure dollar terms, will decrease during future years. This is already evident in the 40 percent reduction experienced since 1980 in the amount of annual public assistance savings attributed to the PA Programs. Finally, it is very likely that there will be further increases in the amounts of Program funds expended for programs and services proviced by private vocational rehabilitation providers as the Agency moves to develop its service network for the severely handicapped.

IV. Summary of report recommendations

The LB&FC staff has recommended that:

1. The Department of Labor and Industry take a number of actions related to improving the management and monitorship of the Pennsylvania Vocational Rehabilitation Program, including: (a) a determination of statewide needs for vocational rehabilitation program services, (b) implementation of a system to monitor and evaluate Program operating policies and performance, (c) development of an "annual report" on the PA Vocational Rehabilitation Program for interested Members of the General Assembly and the general public; the LB&FC report sets forth the purpose and suggested content of such an annual report, and (d) initiation of steps to stabilize and improve staff morale and to deal with problems in the State VR Agency's overall "organizational climate"; it is suggested that a special intra-agency task force on organizational and staff morale problems be created and that the findings of the task force be used in the formulation of a plan to improve Agency operations.

2. The Legislature consider the earmarking of a specified amount of State monies to be used specifically for the provision of vocational rehabilitation "cost services" to non-severely handicapped clients. In order to maximize the cost/benefit to the Commonwealth of such an action, it is recommended that priority emphasis be placed on rehabilitating non-severely handicapped assistance recipients.

V. PA Department of Labor and industry Response to the report

On January 19, 1983, the Department received a final draft copy of this report for review and comment.

Following their view, the Department submitted an official departmental response to the report (a copy of this response letter is included as Appendix I in the report). The Department's written commentary did not deal directly with individual study conclusions and recommendations. Rather, the response offered further clarifying information on vocational rehabilitation program evaluation and analysis techniques which the LB&FC staff cited in the report and emphasized the Department's view of the report as being constructive and "an aid to improving present OVR operations."

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